



# AL-GHAZI TRACTORS LTD



## SHAPING THE FUTURE

Annual  
Report 2021







## **SHAPING THE FUTURE**

To position the company on a path of growth and become the market leader in the industry through brand recognition & loyalty and consistent improvements that are in line with its business strategy and vision, AGTL management is focused on shaping the future by revamping its resources, processes, and technology, to become an organization that is fit for the future and resultantly create additional value for our shareholders and customer.

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# Company Information

## **BOARD OF DIRECTORS**

Mr. Robert Ian McAllister  
Chairman, Non-Executive Director

Mr. Malik Ehtisham Ikram  
Acting CEO, CFO & Executive Director

Mr. Ramesh Narasimhan  
Non-Executive Director

Ms. Farah Qureshi  
Independent Director

Mr. Shahid Shahbaz Toor  
Independent Director

Mr. Marco Votta  
Non-Executive Director

Mr. Vincent Delassagne  
Non-Executive Director

Mr. Matthieu Sejourné  
Non-Executive Director

## **AUDIT COMMITTEE**

Ms. Farah Qureshi  
Chairperson, Independent Director

Mr. Ramesh Narasimhan  
Member, Non-Executive Director

Mr. Marco Votta  
Member, Non-Executive Director

## **HUMAN RESOURCE AND REMUNERATION COMMITTEE**

Mr. Malik Ehtisham Ikram  
Member, Acting CEO, CFO &  
Executive Director

Mr. Marco Votta  
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, Acting CEO, CFO &  
Executive Director

## **COMPANY SECRETARY**

Mr. Rashid Mohiuddin

## **CHIEF INTERNAL AUDITOR**

Mr. Ismail Zahid Selod

**AUDITORS**

A. F. Ferguson & Co.  
Chartered Accountants

**TAX ADVISORS**

EY Ford Rhodes  
Chartered Accountants

Tola Associates  
Chartered Accountants

**LEGAL ADVISORS**

Orr, Dignam & Co.  
Advocates

**BANKERS**

Bank AL-Habib Limited  
Faysal Bank Limited  
Habib Bank Limited  
Meezan Bank Limited  
National Bank of Pakistan  
Zarai Taraqiat Bank Limited

**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](mailto:agtl@alghazitractors.com)  
Website: [www.alghazitractors.com](http://www.alghazitractors.com)

**PLANT**

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

**MARKETING CENTRES**

Dera Ghazi Khan  
Lahore  
Multan  
Islamabad  
Sukkur

# Company 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 January 11, 2025.

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.



# Business Model

## Our Capitals:

### Financial Capital:

- Equity: Rs. 3.97 Billion
- Assets: Rs. 9.49 Billion

### Manufactured Capital:

- State-of-the-art Tractor assembling facility
- 30k per annum production capacity

### Human Capital:

- 393 Employees
- People-centered culture
- Strong governance

### Natural Capital:

- Water, energy & environment conservation
- Waste water treatment plant

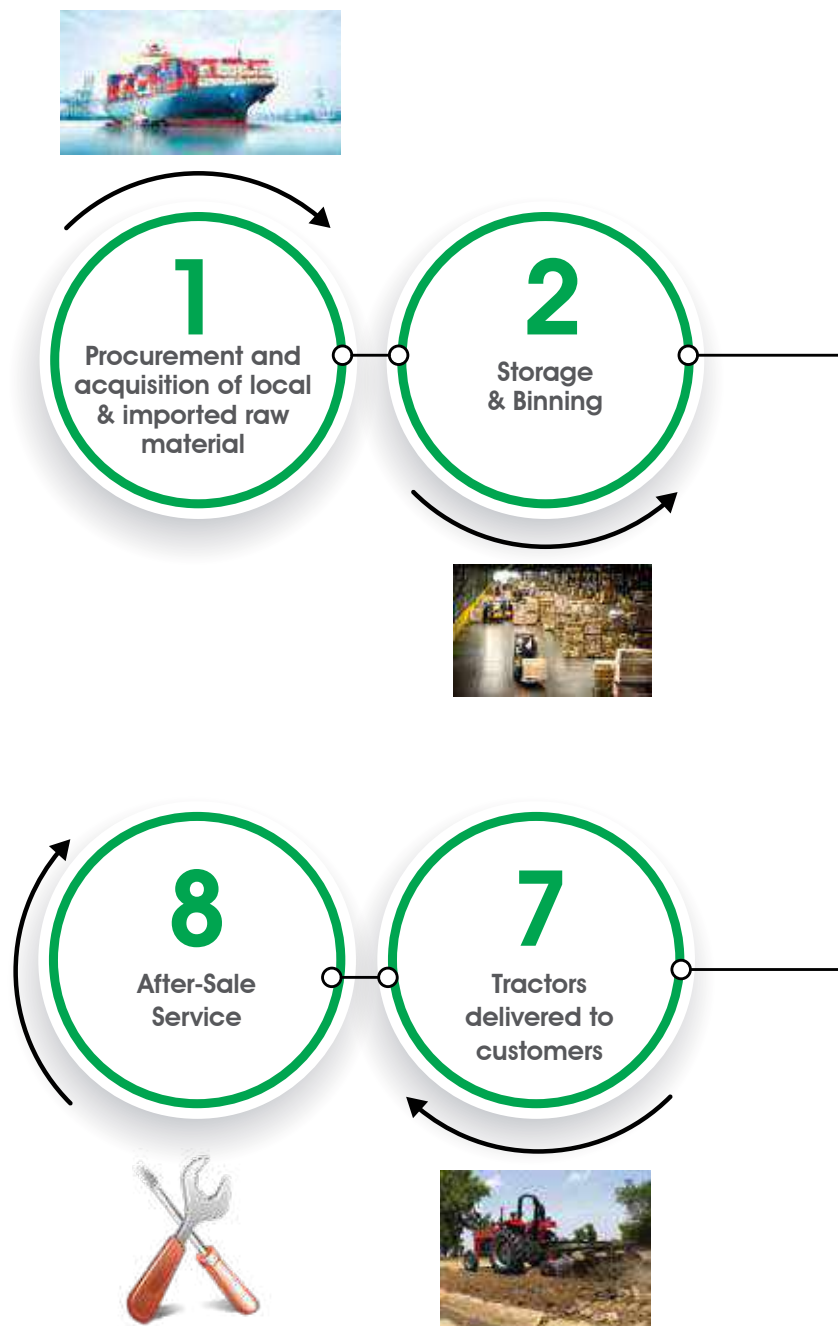
### Intellectual Capital

- Company's knowledge base,
- Product manufacturing capabilities
- Well-equipped reporting tools
- Corporate Reputation
- Brand (CNHi)

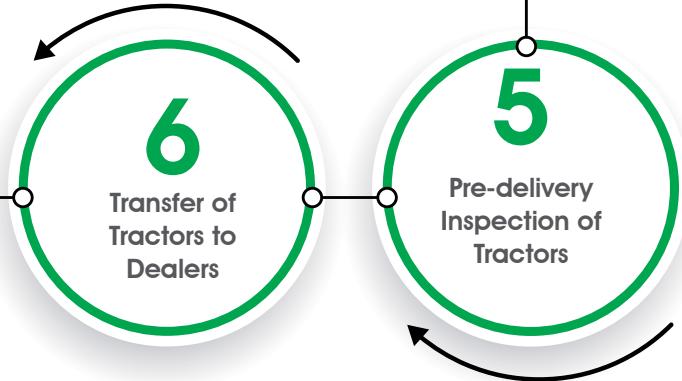
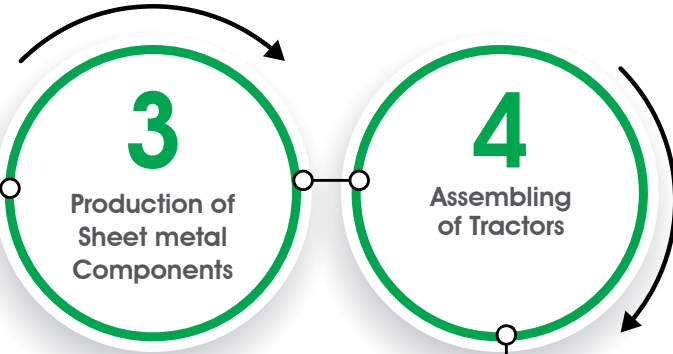
### Social & Relationship Capital:

- Relations with customers regulators, communities & other stakeholders
- Vast network of dealers, distributors & end-users

## Our Processes



# Value Creation for our Stakeholders



## Customer/Suppliers

- Customer satisfaction
- Trust of vendors
- Growing network of vendors, dealers & customers

## Shareholders:

- Delivered strong and healthy returns for shareholders
- Return on equity: 74%

## Employees:

- Talent nourishment and growth
- Reward high performance and invest in attracting, developing, and retaining our people
- Remuneration & Benefits: Rs. 662 Million

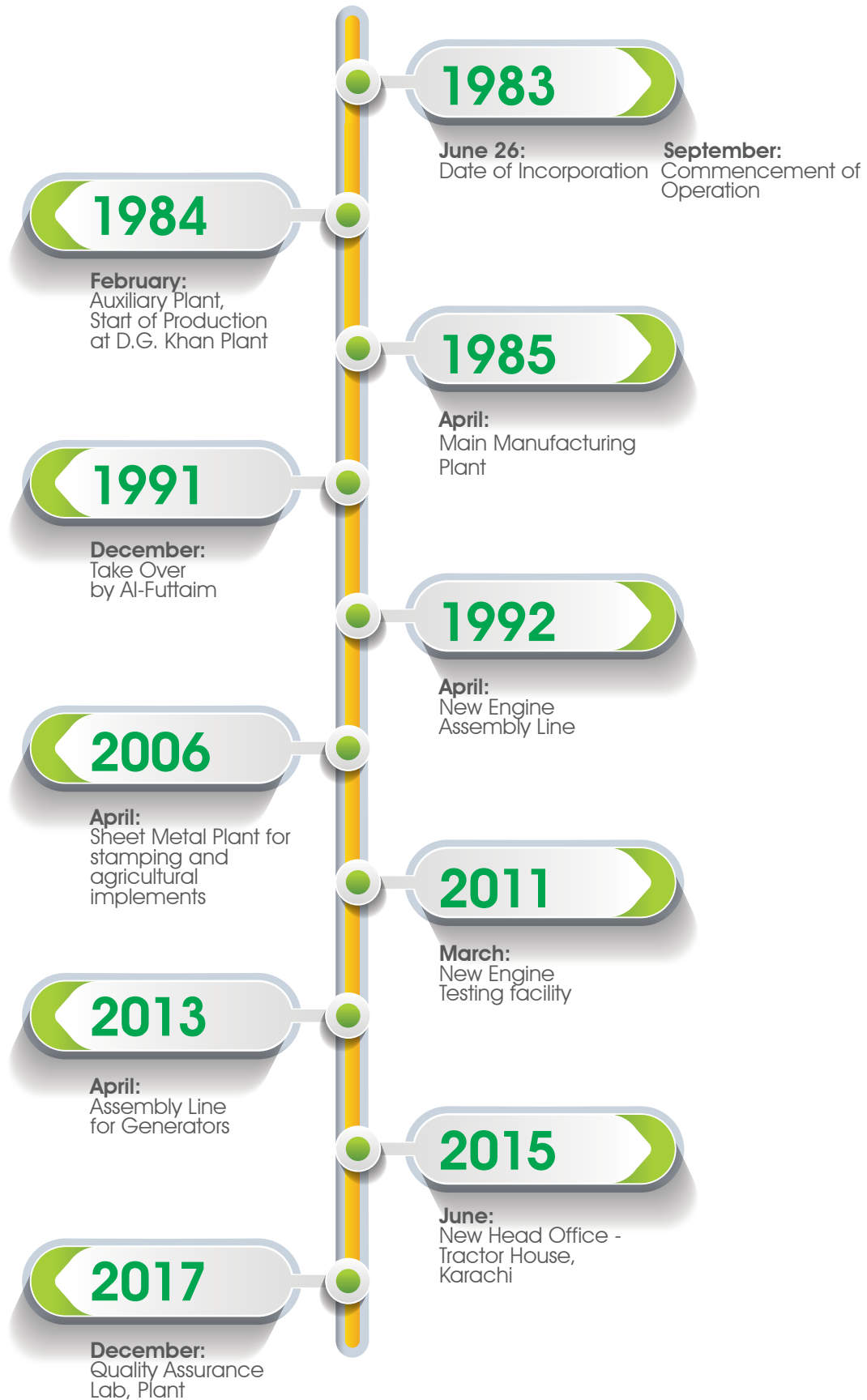
## Communities:

- Investment in communities to support communities uplift.
- Refer to page no. 126 of CSR section for our work on communities.

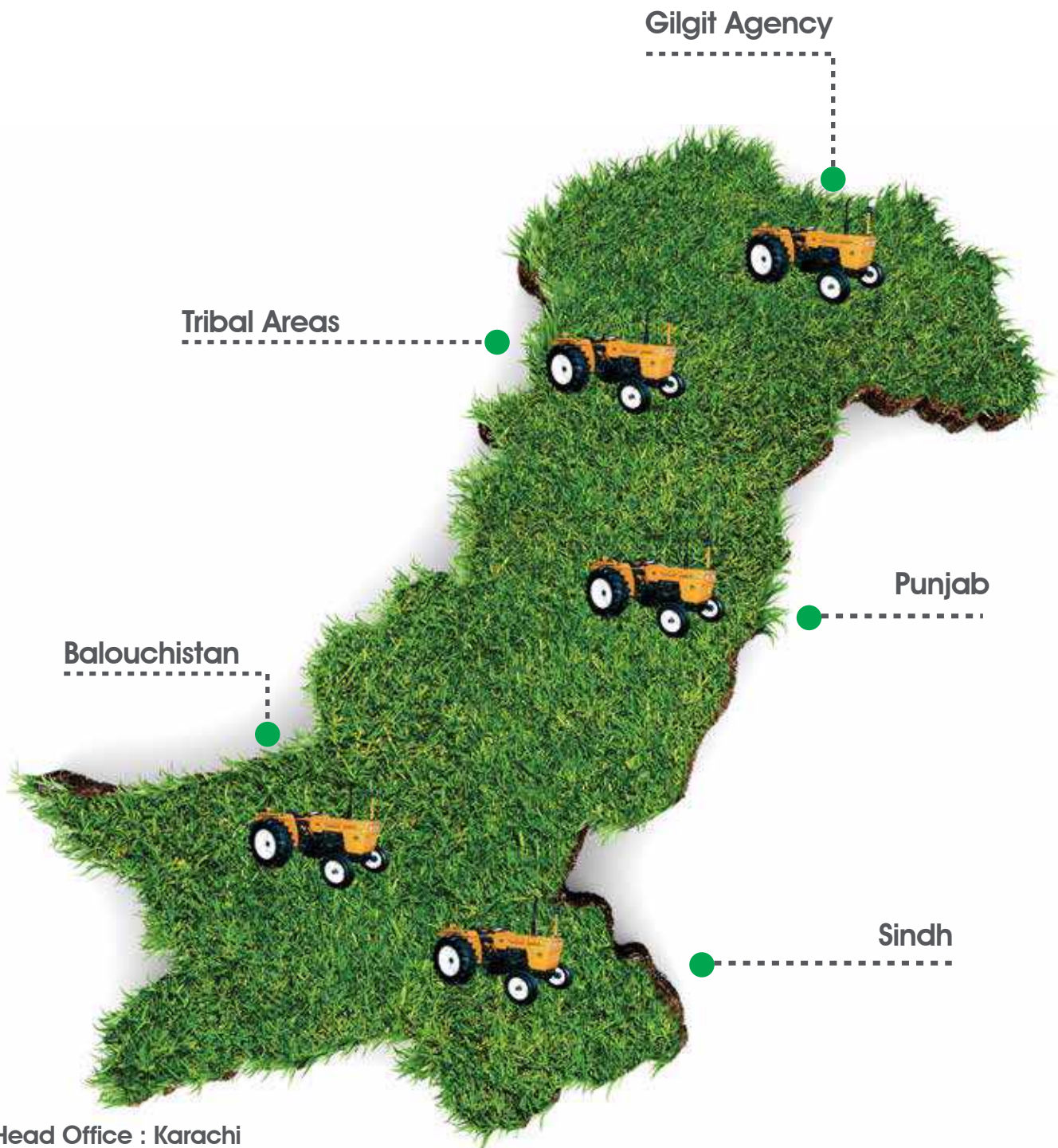
## Governing Bodies & Regulators:

- Compliance with all the regulatory requirements
- Contributed to national exchequer Rs. 1.2 Billion

# Our Journey So Far



# Geographical Presence



Head Office : Karachi

Plant: Dera Ghazi Khan

Marketing Centres: Lahore,  
Multan, Islamabad, Sukkur,  
Dera Ghazi Khan

## 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.





**Al-Futtaim**

Established in the 1930s as a trading business, Al-Futtaim is one of the most progressive regional business houses headquartered in Dubai, United Arab Emirates.

Al-Futtaim operates through more than 200 companies across sectors as diverse as commerce, industry and services, and 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 have enabled Al-Futtaim to grow 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 from the USA, UK, Japan, Sweden, France, Germany and Switzerland (from sectors as diverse with each other as automotive, retail, real estate and finance). Al-Futtaim's exceptional standards of customer service and after sales support is the reason some of the world's most admired and innovative brands trust Al-Futtaim with their own reputation and commercial success.

Structured into seven operational divisions; automotive, electronics, engineering and technologies, retail, financial services, general services, real estate and joint ventures, Al-Futtaim maintains a decentralized approach, giving individual businesses flexibility and versatility to maintain a competitive stance. The decades-long experience allows Al-Futtaim to embrace and foster new, forward-thinking business practices and seamlessly blend those into corporate DNA and people-first philosophy whilst upholding the value of integrity within a spirit of collaboration.

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.



CNH Industrial is a global leader in capital goods that implements design, manufacturing, distribution, commercial and financial activities in international markets.

CNH Industrial is an international front-runner in the capital goods sector that designs, produces and sells agricultural and construction equipment (tractors, combines, excavators), wheel loaders, trucks, commercial vehicles, buses and specialty vehicles (including firefighting and civil protection vehicles), in addition to a broad portfolio of powertrain applications. CNH's symbolism is that they design, manufacture and sell 'machines for work'.

Across its 12 brands, 67 manufacturing plants, 56 research and development centers and a workforce of more than 63,000 people, CNH Industrial is present in 180 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.

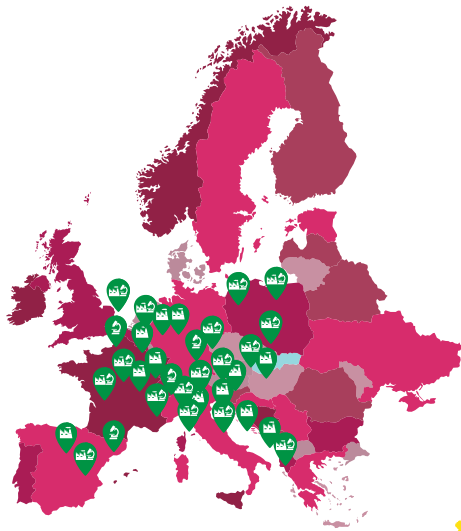
CNHI holds 43.17% shares of Al-Ghazi Tractors Limited.

Manufacturing Plant 

R&D Center 

Manufacturing Plant + R&D Center 

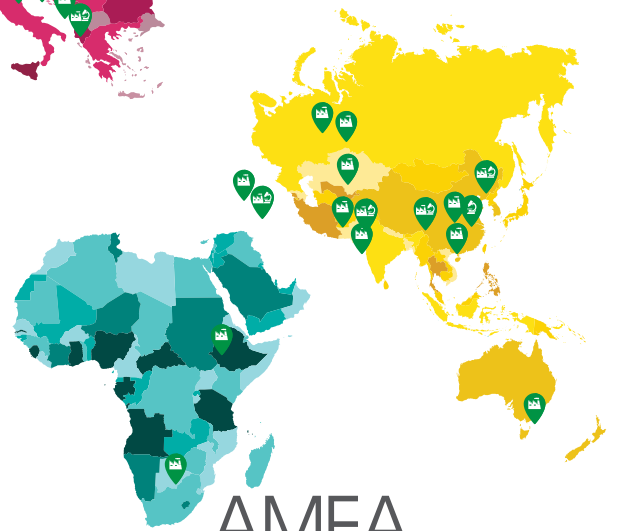
North America



Europe



South America



AMEA

CNHi Global Footprint



## Our Vision

To Make AGTL a Symbol of Success

## Our Mission

With AGTL's name being synonymous with stability, profitability, brand strength and customer loyalty, AGTL's mission is to retain market leadership as the cost competitive producer of the highest quality products – the most enduring competitive edge being the quality of our tractors. With corporate virtue, AGTL's mission is to be a text book case example of good Corporate Governance and through Corporate Social Responsibility create mutually beneficial relationships between the Company, Stakeholders and the Community.



# Values & Ethical Principle

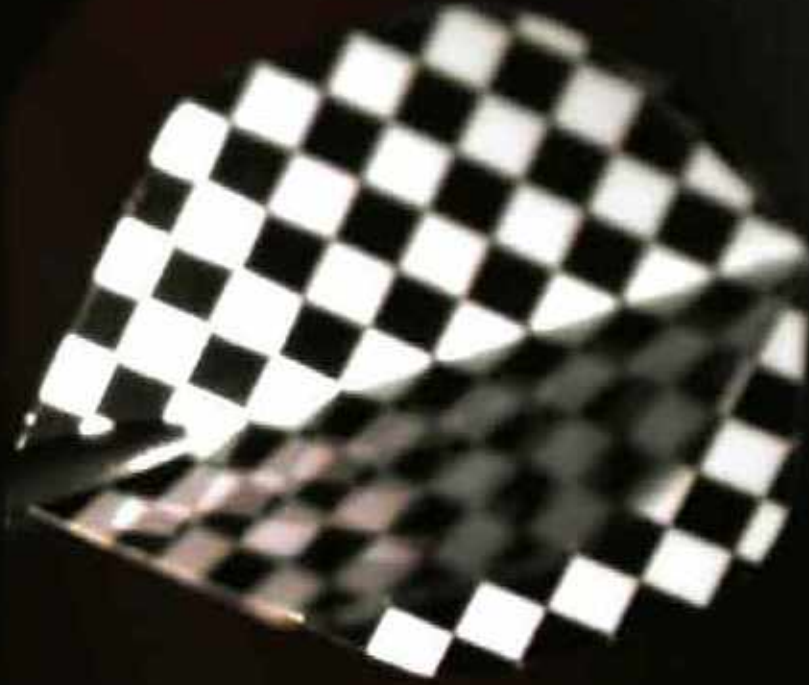
Al-Ghazi Tractors Limited is a public limited company with 93.19% foreign shareholding. The Company with its superior performance is recognized by all stakeholders as economically rewarding to all parties, acknowledged as being ethically, socially and environmentally responsible, welcomed by the communities, 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.





## Corporate Focus

To achieve evolution through continuous change – the deliverables being: to pursue LEAN MANAGEMENT: to eliminate all activities which don't add value; to eliminate waste; to reduce costs; to focus on all target markets; customer focus and to continuously add customer care centers to give fillip to mechanization of farming in the country.

## 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.

# Board of Directors



**Mr. Robert Mcallister**  
Chairman, Non-Executive Director

Mr. Robert Mcallister was appointed as Chairman and Non-Executive Director on the Board of AGTL in January 2022. Currently working in the domain of Senior General Manager of Network Development at AI-Futtaim and obtained multiple Finance degrees.

With over twenty years' experience in automotive sales & marketing Mr. Robert McAllister have an excellent & objective understanding of the levers to delivering a successful sales business internationally. He is excellent at organizing diverse and multi-cultural teams to deliver results. International experience demonstrates his adaptability to different geographic locations and has given him a thirst for further challenges.



**Mr. Malik Ehtisham Ikram**  
Executive Director,  
Acting Chief Executive Officer & CFO

Mr. Malik Ehtisham Ikram was appointed as Director on the Board of AGTL in December 2019. He was subsequently appointed as Chief Financial Officer and as member of Human Resource & Remuneration Committee in 2020. In Jan 2022, he was given the additional charge of acting CEO.

Mr. Ikram is a seasoned Senior Finance Executive with a career spanning 18 years in driving operational excellence with strong emerging market experience. He joined AI-Futtaim Group in 2012 and has been working at various Senior Finance & Leadership positions, independently handling high profile Automotive Projects for the Group.

Over his career span he has worked with leading consultancy firms including PwC and KPMG. Mr. Ikram is a member of the Institute of Chartered Accountants of Pakistan and holds a post graduate degree in Managerial Economics.



**Mr. Ramesh Narasimhan**  
Non-Executive Director

Mr. Ramesh is Chief Financial Officer for AI Futtaim Group's Automotive Division and has over 30 years of experience including 22 years in the Automotive industry.

His recent role prior to joining AI Futtaim was in Nissan where he was most recently the President of Nissan Philippines and Nissan Thailand respectively. Prior to these roles, Ramesh was the Chief Financial Officer for Nissan Australia and New Zealand. Mr. Narasimhan has also worked for Ford in Australia and China in senior finance roles.



**Mr. Vincent De Lassagne**  
Non-Executive Director

Mr. Vincent de Lassagne has been appointed on the Board of Al-Ghazi Tractors Limited since October 2015.

Mr. De Lassagne is the brand leader for New Holland Agriculture - Asia Pacific Region. He initially joined 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. De Lassagne holds an Agronomist Engineer degree & Masters in Marketing & Sales from the HEC University.



**Mr. Matthieu Séjourné**  
Non-Executive Director

Mr. Matthieu Séjourné has been appointed as a Non-Executive Director on the Board of the Company since February 2020.

Mr. Séjourné joined CNHi in March 2002 covering several sales & marketing positions in the African continent. He also joined TurkTraktor, the JV of CNHi in Turkey, where he was Marketing Director. He then joined the Asia Pacific Region, where he was successively appointed as Head of Product Marketing and afterwards Brand Leader for Case IH. Since January 2019, he is the Brand Leader - New Holland & Case IH for Asia, Middle East and Africa Region.

Mr. Séjourné holds a Master degree in Business Administration from SDA Bocconi - Milan, Italy and Master in Engineering from CESTI-Paris (newly named SUPMECA, Superior Centre of Study in Industrial Techniques - Mechanical Engineering School) with a major in Supply Chain Management.



**Mr. Marco Votta**  
Non-Executive Director

Mr. Marco Votta joined AGTL's Board recently.

Mr. Votta completed his undergraduate studies at the Business Administration Department of the Luigi Bocconi University of Commerce – Milan, Italy.

He started his career in the industrial automation sector, moving in 1994 to Andersen Consulting as Management Consultant.

Mr. Votta joined the Business Development Department of New Holland in 1998 and was appointed as Assistant General Manager in charge of Business Control at Türk Traktör ve Ziraat Makineleri A.Ş. and New Holland Traktör ve Ziraat Makinaları Ticaret A.Ş. in 1999. He then became the company's CFO from 2006 to 2010, and then the CEO from April 2010 till December 2018. Since the beginning of 2019, Mr. Votta has remained a board member in Türk Traktör ve Ziraat Makineleri A.Ş. In addition, he is associated with CNH Industrial as the Managing Director of Turkey. From 2019 to 2021 he has been in charge of the product offering and development of the tractors up to 130hp as VP of Global Product Line – Small and Specialty Tractors.

# Board of Directors



**Mr. Shahid Shahbaz Toor**  
Independent Non-Executive Director

Mr. Shahid Shahbaz Toor was elected as Independent Non-Executive Director on the Board of Al-Ghazi Tractors in March 2021.

He has more than 35 years of experience in the Tractor manufacturing industry in areas pertaining to management, development, production, quality assurance, project management, supply chain management, etc. He has served as Director Technical at Millat Tractors Limited, CEO at Millat Equipment Limited as well as Mannan Shahid Forgings (an Abraaj Capital UAE Group Company).

Mr. Toor graduated with a degree in Mechanical Engineering from Kingston University, UK. He has attended various professional training courses in Pakistan and abroad in institutions like Ashraigh School of Management - United Kingdom (UK), Perkins Engines, Massey Ferguson Tractors - UK, AOTS - Japan, Pakistan Institute of Management, Lahore University of Management Sciences, Pakistan Institute of Quality Control. etc.



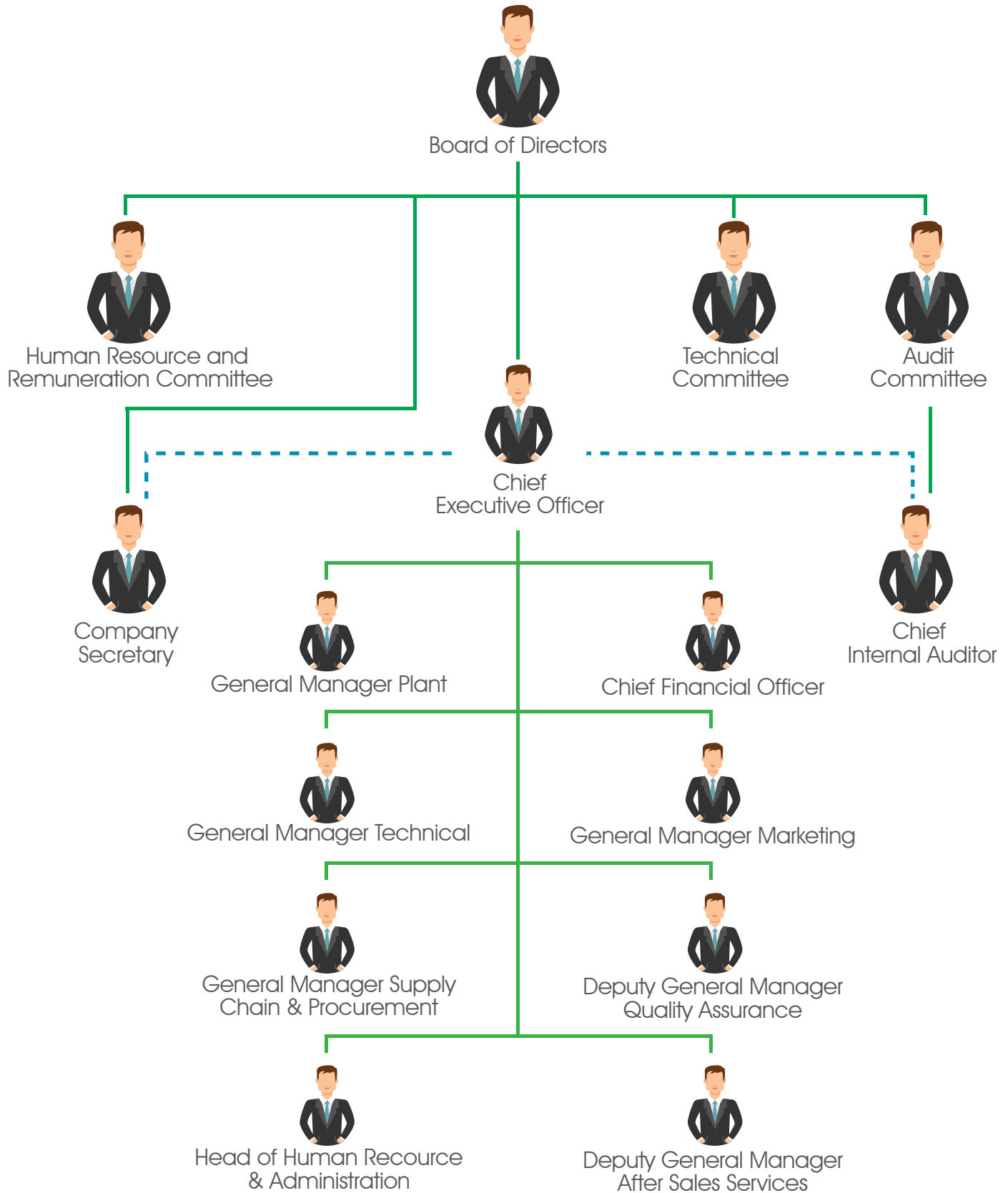
**Ms. Farah Qureshi**  
Independent Non-Executive Director

Ms. Farah Qureshi was appointed as Independent Non-Executive Director on the Board of the Company in May 2020.

Ms. Qureshi is a fellow member of the Institute of Chartered Accountants of Pakistan. With over 25 years of experience in corporate governance, internal control, accounting, financial reporting, mergers and acquisitions, project feasibilities, banking and financial arrangements, legal, company secretarial and IT.

Her present occupation is providing consulting services in the areas of accounting, finance, IT systems, corporate governance, internal controls, preparing projections and feasibilities, banking and financial arrangements, etc. She has served as Company Secretary on the Board of Jahangir Siddiqui & Co. Limited., a listed company in financial services sector. Presently, she is on the Board of First UDL Modaraba as Director and in the past, she has remained on the Board of Network Microfinance Bank Limited (subsidiary of Jahangir Siddiqui & Co. Limited). Ms. Qureshi has also served on the sub-committee on taxation of the Overseas Investors' Chamber of Commerce and Industry.

# Organizational Chart



**Legend**  
 — Functional Reporting  
 - - - Administrative Reporting

\*Number of employees as at Dec 31, 2021 and average number of employees for the year including factory employees are disclosed in note 36 to the financial statements

# Significant Events 2021

**Q1**  
February

*The meeting of the Board of Directors (BoD) was held to review January 2021 performance and forecast.*

**Q1**  
March

*An Extraordinary General Meeting was held for approving amendments in Articles of Association of the Company and for holding election of directors to the newly constituted Board.*

**Q1**  
March

*The meeting of the BoD was held to review February 2021 performance and forecast.*

**Q2**  
May

*BoD's meeting was held to approve audited financial statements for the year ended December 31, 2020.*

**Q2**  
June

*Annual General Meeting was held to adopt annual financial statements and declare final dividend for the year ended December 31, 2020.*

**Q2**  
June

*BoD's meeting was held to approve financial statements for the first quarter ended March 31, 2021.*

Q3

August

*AGTL was awarded joint 2nd position in 'Best Corporate Report Award' in Engineering & Auto sector by Joint Committee of ICAP and ICMAP.*

Q3

September

*BoD's meeting was held to approve financial statements for the half year ended June 30, 2021.*

Q4

November

*BoD's meeting was held to approve financial statements for the third quarter ended September 30, 2021.*

# Position in Value Chain

Our ability to enrich people's lives 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 the sustainable relationship with suppliers, collaborated environment for employees with strong leadership, and using Information Technology platforms.



**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.





# Messages for Stakeholders



## Directors' Report

The Directors of Al-Ghazi Tractors Limited ("the Company" or "AGTL") are pleased to present the annual report together with the Company's audited financial statements for the financial year ended 31 December 2021.

### Operating Results

The financial results for the year under review are as follows:

Sales  
Gross Profit  
Profit before taxation  
Taxation  
Profit after tax  
Other comprehensive income  
Total income

	2021	2020
	(Rupees in '000)	
	20,578,906	11,935,172
	4,721,228	2,766,012
	4,169,730	1,927,907
	(1,211,868)	(578,250)
	2,957,862	1,349,657
	(32,863)	34,748
	2,924,999	1,384,405

### Dividend & General Reserve

For the year ended 31 December 2021, the Board in its meeting held on 12th April 2022, has proposed a final cash dividend of Rs. 51.03 per share amounting to Rs.2,958 million.

### Earnings Per Share

The Basic earnings per share were Rs. 51.03 in 2021 compared to Rs. 23.28 in 2020.

### Performance Highlights

The Company sold 18,156 tractors during the year 2021 as compared to 12,142 tractors sold in the year 2020. The rebound in turnover was due to various encouraging factors. As the world, in general, and Pakistan, in particular, came out of the effects of the pandemic, it translated into beyond expectation economic growth in fiscal year 2021, followed by vibrancy in automobile and tractor market together with enhanced liquidity available to the farmers due to various initiatives taken by Government. The agriculture sector's performance broadly stood encouraging showing growth over last year. Water availability during Rabi & Kharif season also showed an increase over last year. The Company continued its efforts of engaging with customers and ensuring quality improvements and efficiencies.

Profit before tax for the year ended 31 December 2021 at Rs. 4.17 billion is 116% higher than the previous year. The gross margin, that remained under pressure in last couple of years, made a handsome recovery. However, company is incurring substantial financial cost due to delayed sales tax refunds by the authorities amounting to Rs. 2.99 billion approximately. Bank lending and corresponding financial cost have also reduced by 94% from Rs. 145.79 million to Rs. 8.75 million.

Out of the pre-tax profit of Rs. 4.17 billion, an amount of Rs. 1.21 billion was charged on account of corporate tax. The after-tax profit thus stands at Rs. 2.97 billion translating into earnings per share (EPS) of Rs. 51.03 per share.

“Key Operating and Financial Data” and the “Horizontal and Vertical Analysis of Financial Statement” highlighted in the Annual Report testify to the strength of the Company.

## Appropriations

The statement of unappropriated profit for the year under review is as follows:

	2021	2020
	(Rupees in '000)	
Unappropriated profit – brought forward	949,301	613,896
Total income for the year	2,924,999	1,384,405
Transfer to general reserve from unappropriated profit	-	(1,049,000)
Transfer from general reserve to unappropriated profit	1,049,000	-
Amount available for appropriation	4,923,300	949,301

## Appropriation:

Final dividend paid for the year 2020: Rs. 21.39 per share

(2019: Rs.0 per share)

Unappropriated profit – carried forward

(1,239,854)	-
3,683,446	949,301

## Chairman's Review

The Chairman's review included in this Annual Report deals with the nature of business, Company's performance, explanation of significant deviations from last year, future prospects and uncertainties.

## Board Structure

With a view to comply with the requirement of Listed Companies (Code of Corporate Governance) Regulations, 2019, to have at least 1/3rd of the Board consisting of independent directors, amendment in Articles of Association of the Company, to increase the minimum number of directors, was approved at the Extraordinary General Meeting of the Company convened on March 03, 2021.

Thereupon at the same meeting, the election of directors for the next term of 3 years was held, after expiry of the term of previous Board which was extended with the permission of Securities and Exchange Commission of Pakistan (SECP). As a result of the election, Mr. Richard Kassaby stood retired as director of the Company whereas, following directors were declared as elected/re-elected un-opposed for the next term of 3 years:

1.	Mr. Bernd Erich Schwendtke	Non-Executive director
2.	Mr. Sakib Eltaff	Non-Executive director
3.	Mr. Vincent De Lassagne	Non-Executive director
4.	Mr. Andrea Trabacchin	Non-Executive director
5.	Mr. Matthieu Sejourne	Non-Executive director
6.	Ms. Farah Qureshi	Independent director
7.	Mr. Shehzad Naqvi	Independent director
8.	Mr. Shahid Shahbaz Toor	Independent director
9.	Mr. Malik Ehtisham Ikram	Executive director

Mr. Raheel Asghar, being the Chief Executive Officer (CEO) of the Company, was the tenth director on the Board of Directors.

Later on, Mr. Shehzad Naqvi resigned as independent director and thereafter, Mr. Sakib Eltaff also resigned as nominee director of Al-Futtaim Industries on the Board of the Company and was replaced by Mr. Ramesh Narasimhan.

Subsequent to end of the year under review, Mr. Bernd Erich Schwendtke resigned as Chairman and the nominee director of Al-Futtaim Industries and upon a fresh nomination received, Mr. Robert McAllister was appointed as director as well as the Chairman on the Board of AGTL. Soon after, Mr. Raheel Asghar also resigned as the CEO and Malik Ehtisham Ikram, the executive director and CFO of AGTL was given the additional charge of Acting CEO. Prior to approval of this report, Mr. Andrea Trabacchin also resigned as nominee of CNH Industrial N.V. and on the basis of new nomination, Mr. Marco Votta was appointed as non-executive director on the Board of the Company.

New Board now constitute the following Diversity:

#### Gender Diversity on Board:

a) Male	9
b) Female	1

#### Functional Diversity on Board:

a) Independent Director	3
b) Non-Executive Directors	5
c) Executive Directors	2

#### Committees

The Board has formed three committees, comprising of the following members of the Board as at the year ended 31 December 2021:

##### (a) Audit Committee

Ms. Farah Qureshi	Chairperson & Independent director
Mr. Bernd Erich Schwendtke	Non-Executive director
Mr. Ramesh Narasimhan	Non-Executive director
Mr. Andrea Trabacchin	Non-Executive director

##### (b) Human Resource & Remuneration Committee

Mr. Bernd Erich Schwendtke	Chairman & Non-Executive director
Mr. Andrea Trabacchin	Non-Executive director
Ms. Farah Qureshi	Independent director
Mr. Raheel Asghar	CEO & Executive director
Mr. Malik Ehtisham Ikram	CFO & Executive director

##### (c) Technical Committee

Mr. Shahid Shahbaz Toor	Chairman & Independent director
Mr. Matthieu Sejourne	Non-Executive director
Mr. Vincent De Lassagne	Non-Executive director
Mr. Raheel Asghar	CEO & Executive director
Mr. Malik Ehtisham Ikram	CFO & Executive director

#### Director's Remuneration

The remuneration of the Board members is approved by the Board itself. However, in accordance with the Code of Corporate Governance, it is ensured that no Director takes part in deciding his own remuneration. The Company does not pay remuneration to non-executive directors except independent directors for attending the meetings. In order to retain the best talent, the Company's remuneration policies are structured in line with prevailing industry trends and business practices. For detailed and numerical information on remuneration of Directors and CEO in this annual report, please refer notes to the financial statements.

#### Review of CEO's performance

The performance of the CEO is formally appraised through the evaluation system which is based on quantitative and qualitative values. It includes the performance of the business, the accomplishment of objectives with reference to profits, organization building, succession planning and corporate success.

### **Pattern Of Shareholding**

The pattern of shareholding of the Company is annexed to this report under the section of "Investor Relations".

### **Foreign holding position**

Al Futtaim Industries Co. LLC., incorporated in United Arab Emirates, being the holder of 50.02% shares, is the holding company of AGTL. CNH Industrial N.V, incorporated in the Netherlands, is the other major shareholder, holding 43.17% shares of AGTL.

### **Business Continuity Plan**

There are no significant doubts upon the Company's ability to continue as a going concern.

### **Awards & Recognition**

AGTL has been awarded with Best Corporate Reports Awards 2021 yet again by the Joint Committee of ICAP and ICMAP. AGTL's annual report was ranked joint 2nd in the Engineering & Auto sector.

### **Corporate Social Responsibility**

The Company considers social, environmental, and ethical matters in the context of the overall business environment. The Company is committed to work in the best interest of all the stakeholders, in particular the community in which it exists and forms its customer-base as well as employee-base; specially, at the plant located at Dera Ghazi Khan.

The report on Corporate Social Responsibilities, including its approach to health and safety, human resources, social, environmental and other related issues are presented in the 'Sustainability Report', which forms a part of this Annual Report.

The Company continued to conduct certain CSR activities. The Company is focused on relevant social endeavors such as 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. Efforts have also been made relating to industrial relations, consumer protection measures and business ethics. On the environmental impact, the Company is committed and has implemented certain processes relating to energy saving, re-using, re-cycling, environmental protection, plantation, fuel efficiency, etc.

### **Nature Of Business**

No change has occurred during the financial year concerning the nature of business of the Company.

### **Default Of Payments, Debt/loan, Taxes And Levies**

Adhering to the best business practices, the Company recognizes its responsibility of timely repayments of due amount. No default on payment of loan/debts was recorded during the year under review. Furthermore, no payment on account of taxes, duties and levies is overdue or outstanding at financial year end.

### **Macro-economic Environment & Tractor Industry**

The provisional GDP growth rate for FY2021 is estimated at 3.94%. Agricultural sector is indispensable to the country's economic growth, food security, employment generation and poverty alleviation particularly, at the rural level. It contributes 19.2% to the GDP and provides employment to around 38.5% of the labor force. The agriculture sector's performance during 2020-21 broadly stands encouraging as it grows by 2.77% against the target of 2.8%. Overall, the tractor industry witnessed a significant increase of 41% in the calendar year 2021 as compared to last year. According to published numbers, approx. 55,546 tractors were sold during the current period as compared to 39,346 last year.

## Business Performance Highlights

The Company remained principally engaged in the manufacturing and/or sale of agricultural tractors and spare parts. The Company made various improvements to its Dabung model during the year to strengthen Company's presence in 85HP segment.

The Company is committed to improve its product quality at both incoming and assembly stages. A state-of-the-art quality lab set up at the plant ensures quality of inbound components. The lab is operational with further improvements and enhancements on on-going basis.

## Subsequent Events

No material changes or commitments affecting the financial position of the Company have occurred between the end of the financial year of the Company and the date of this report, except as disclosed.

## Adequacy Of Internal Controls

The Board of Directors is aware of its responsibility with respect to internal controls environment and accordingly, has established an efficient system of internal financial controls for ensuring effective and efficient conduct of operations, safeguarding of Company's assets, compliance with applicable laws and regulations and reliable financial reporting. The independent Internal Audit function of the Company regularly appraises and monitors the implementation of financial controls, whereas the Audit Committee reviews the effectiveness of the internal control framework and financial statements on quarterly basis.

## Future Development & Outlook

AGTL remains focused on the delivery of quality products, in line with its mission statement and keeping in view the economic environment affecting the Company as highlighted above. Business plans are developed and continuously monitored for any updates to reflect strategies for overall success. AGTL being cost effective, driven by optimism and belief in its ever-agile workforce, has a hands-on management style and high standards of workmanship, thus we believe that AGTL is a perfect example of a progressive company.

## Credit Rating

Credit rating is an assessment of credit standing of entities in Pakistan. VIS Credit Rating Company Limited (VIS) has reaffirmed entity ratings of 'A/A-1' (Single A/A-One) to AGTL. 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 'A-1' 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'.

## Principal Risks, Challenges And Uncertainties

In response to main risks and uncertainties facing the Company, effective management through mitigating strategies has been done. For example: In addressing business risks, the Company's strategies and medium-term business plans consider relevant internal and external factors. Various strategies have been introduced in 2021 to effectively manage the increasing metal costs. The drive for localization, currently standing at 92%, combined with short term supplier management were key success factors in balancing the increased cost of metal and other raw materials. The company's mission is to regain market leadership for being one of the most cost-effective producers of the highest quality tractors, its most enduring competitive edge being the quality of its tractors.

## Financial & Corporate Governance Framework

The Company has complied with all material requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019.

Following are the statements on financial and corporate governance / control framework:

- 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.

- Accounting policies appropriately disclosed in the financial statements have been consistently applied in preparation of financial statements. 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 Company has fully complied with the Listing Regulations of the Pakistan Stock Exchange.
- 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.
- Seven meetings of the Board of Directors were held during the year, whereas, the number of meetings of the Board's Audit Committee held was five. No meeting of Human Resources & Remuneration Committee was held during the year. Details of attendance by each director / member are shown in this Annual Report under the section of "Code of Corporate Governance".
- As approved by the Board, only independent directors are entitled to receive the fee for attending the meetings. 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.

### External Auditors

The present auditors, Messrs. A. F. Ferguson & Co., Chartered Accountants, shall retire on the day of the Annual General Meeting and being eligible, have offered themselves for re-appointment. The directors endorse recommendation of the Audit Committee for the re-appointment of Messrs. A. F. Ferguson & Co., Chartered Accountants, as statutory auditors for the financial year 2022.

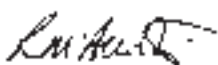
### Financials on Website

The financial results of the year 2021 would be placed and can be viewed on the Company's website i.e. [www.alghazitractors.com](http://www.alghazitractors.com).

### Acknowledgments

The Board is grateful to our employees, our dealers and our principals – CNH Industrial for their continued support and commitment. We look forward to not only continuing but improving to deliver great results in the coming years.

On behalf of the Board of Directors



**Robert McAllister**  
Chairman of the Board



**Malik Ehtisham Ikram**  
Executive Director & Acting CEO

Karachi: 12th April 2022

## مالیاتی اور کارپوریٹ گورننس / کنٹرول فریم ورک کے حوالے سے بیانات درج ذیل ہیں:

- کمپنی کی انتظامیہ کی جانب سے تیار کردہ مالیاتی بیانات، اس کی حالت، اس کے آپریشنز، نقد بہاؤ (cash flows) اور ایکویٹی میں ہونیوالی تبدیلیوں کے نتائج کو منصفانہ طور پر پیش کرتے ہیں۔
- مالیاتی گوشواروں میں مناسب طور پر ظاہر کی گئی اکاؤنٹنگ پالیسیوں کو مالی گوشواروں کی تیاری کے سلسلے میں مسلسل نافذ العمل کیا گیا ہے۔ اکاؤنٹنگ کے تخمینے معقول اور دانشمندانہ فیصلے پر مبنی ہوتے ہیں۔
- ان مالیاتی گوشواروں کی تیاری کے سلسلے میں بین الاقوامی مالیاتی رپورٹنگ کے معیارات، جیسا کہ پاکستان میں لاگو ہوتا ہے، کی پیروی کی گئی ہے۔
- کمپنی کی جانب سے پاکستان اسٹاک ایکسچینج کے لسٹنگ کے ضوابط کی مکمل طور پر تعمیل کی گئی ہے۔
- ڈائریکٹرز، چیف فنانشل آفیسر، ہیڈ آف انٹرنل آڈٹ، کمپنی سیکریٹری اور ان کی شریک حیات اور نابالغ بچوں کی جانب سے سال کے دوران کمپنی کے حصص میں تجارت نہیں کی گئی۔
- اس سالانہ رپورٹ میں پچھلے چھ سالوں کے اہم آڈٹ شدہ آپرینٹنگ اور مالیاتی نتائج کو شامل کیا گیا ہے۔
- سال کے دوران بورڈ آف ڈائریکٹرز کے ساتھ اجلاس منعقد ہوئے، جبکہ بورڈ کی آڈٹ کمیٹی کی اجلاسوں کی تعداد پانچ رہی۔ دوران سال ہیومن رسورس اور مشاہرہ کمیٹی کا کوئی اجلاس منعقد نہیں ہوا۔ ہر ڈائریکٹر / ممبر کی حاضری کی تفصیلات اس سالانہ رپورٹ میں ”کوڈ آف کارپوریٹ گورننس“ کے سیکشن کے تحت دکھائی گئی ہیں۔
- بورڈ آڈٹ کمیٹی کی جانب سے متعلقہ فریق کی ٹرانزیکشنز کا جائزہ لیا گیا اور بورڈ نے ان کی منظوری دی۔ یہ ٹرانزیکشنز بین الاقوامی مالیاتی رپورٹنگ اسٹینڈرڈز (IFRS) اور کینیڈا ایکٹ 2017 کے تقاضوں کے عین مطابق تھے۔ کمپنی کی جانب سے ایسی تمام ٹرانزیکشنز کا جامع اور مکمل ریکارڈ رکھا جاتا ہے۔ متعلقہ فریق کے ٹرانزیکشنز کی تفصیلات کو کمپنی کے مالی گوشوارے کے ایک نوٹ میں ظاہر کیا گیا ہے۔
- ٹیکس اور محصولات (لیویز) کے حوالے سے معلومات مالی گوشوارے میں فراہم کی گئی ہیں۔

## بیرونی آڈیٹرز

موجودہ آڈیٹرز، میسرز اے۔ ایف۔ فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، سالانہ اجلاس عام کے دن ریٹائر ہو جائیں گے اور اہل ہونے کے بعد، وہ دوبارہ تقرری کے سلسلے میں خود کو پیش کر چکے ہیں۔ ڈائریکٹرز کی جانب سے مالی سال 2022 کے لیے قانونی آڈیٹرز کے طور پر میسرز اے۔ ایف۔ فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کی دوبارہ تقرری کے لیے آڈٹ کمیٹی کی سفارش کی توثیق کی گئی ہے۔

## ویب سائٹ پر مالیات

سال 2021 کے مالیاتی نتائج کمپنی کی ویب سائٹ یعنی [www.alghazitractors.com](http://www.alghazitractors.com) پر ملاحظہ کیے جاسکتے ہیں۔

## تسلیمات

بورڈ اپنے ملازمین، اپنے ڈیلرز اور اپنے پرنسپل۔ سی این ایچ انڈسٹریل کی جانب سے مسلسل تعاون اور عزم کے لیے ان کا شکر گزار ہے۔ ہم آنے والے برسوں میں شاندار نتائج فراہم کرنے کے حوالے سے نہ صرف اپنی کاوشیں جاری رکھنے بلکہ بہتری لانے کے لیے بھی پرعزم ہیں۔

بورڈ آف ڈائریکٹرز کی جانب سے



ملک احتشام اکرام

ایگزیکٹو ڈائریکٹر اور قائم مقام سی ای او



رابرٹ مک ایلسٹر

چیئر مین بورڈ

12 اپریل، 2022

## داخلی کنٹرول کی مناسبت

بورڈ آف ڈائریکٹرز داخلی کنٹرول کے ماحول کے حوالے سے اپنی ذمہ داری سے بخوبی آگاہ ہیں اور اسی کے مطابق انہوں نے آپریشنز کے کارگر اور موثر انعقاد، کمپنی کے اثاثوں کی حفاظت، قابل اطلاق قوانین و ضوابط کی تعمیل اور قابل اعتماد مالیاتی رپورٹنگ کو یقینی بنانے کے لیے اندرونی مالیاتی کنٹرول کا ایک موثر نظام قائم کیا ہے۔ کمپنی کا آزادانہ اندرونی آڈٹ فنکشن مالیاتی کنٹرول کے نفاذ کی باقاعدگی سے جانچ اور نگرانی کرتا ہے، جبکہ آڈٹ کمیٹی سہ ماہی بنیادوں پر اندرونی کنٹرول کے فریم ورک اور مالیاتی گوشواروں کے موثر ہونے کا جائزہ لیتی ہے۔

## مستقبل کی ترقی اور مشاہدات

اے جی ٹی ایل کی توجہ اپنے مشن اسٹیٹمنٹ کے مطابق اور کمپنی پر اثر انداز ہونے والے اقتصادی ماحول کو مد نظر رکھتے ہوئے، جیسا کہ اوپر روشنی ڈالی گئی ہے، معیاری مصنوعات کی فراہمی پر مرکوز ہے۔ مجموعی کامیابی کے لیے حکمت عملیوں کی عکاسی کرنے کے تناظر میں کسی بھی اپ ڈیٹ کے حوالے سے کاروباری منصوبے تیار کیے جاتے ہیں اور ان کی مسلسل نگرانی کی جاتی ہے۔ اے جی ٹی ایل موثر لاگتی (cost effective) ہونے کی حیثیت سے، پُر امیدگی اور ہمہ وقت اپنی مستعد افرادی قوت پر یقین رکھنے کے باعث، انتظامی انداز اور مہارت کے اعلیٰ معیارات کا حامل ہے، اس طرح ہم سمجھتے ہیں کہ اے جی ٹی ایل ایک ترقی پسند کمپنی کی بہترین مثال ہے۔

## کریڈٹ ریٹنگ

کریڈٹ ریٹنگ پاکستان میں اداروں کے کریڈٹ اسٹیٹمنٹ کے حوالے سے ایک اندازہ ہے۔ وی آئی ایس کریڈٹ ریٹنگ کمپنی لمیٹڈ (VIS) کی جانب سے اے جی ٹی ایل کے 'A-1' / 'A' (سنگل A-One/A) کی ادارہ جاتی درجہ بندی کی دوبارہ تصدیق کی گئی ہے۔ 'A' کی طویل مدتی درجہ بندی اچھی کریڈٹ کوالٹی اور مناسب تحفظ کے عوامل کی عکاسی کرتی ہے۔ تاہم معیشت میں ممکنہ تبدیلیوں کے ساتھ خطرے کے عوامل مختلف ہو سکتے ہیں۔ 'A-1' کی قلیل مدتی درجہ بندی بروقت ادائیگی کے اعلیٰ یقین کی نشاندہی کرتی ہے، جیسے بہترین لیکویڈیٹی عوامل جن کی حمایت اچھے بنیادی تحفظ کے عوامل سے ہوتی ہے۔ اس کے علاوہ رسک کے عوامل معمولی ہیں جبکہ تفویض کردہ درجہ بندی پر آئندہ امکانات مستحکم ہیں۔

## بنیادی خطرات، چیلنجز اور غیر یقینی صورتحال

کمپنی کو درپیش اہم خطرات اور غیر یقینی صورتحال کے جواب میں، تخفیف کی حکمت عملیوں کے ذریعے موثر انتظام کیا گیا ہے۔ مثال کے طور پر: کاروباری خطرات سے نمٹنے کے حوالے سے، کمپنی کی حکمت عملی اور درمیانی مدت کے کاروباری منصوبے متعلقہ اندرونی اور بیرونی عوامل پر غور کرتے ہیں۔ دھات کی بڑھتی ہوئی قیمتوں کو مؤثر طریقے سے منظم کرنے کے لیے 2021 میں مختلف حکمت عملی متعارف کرائی گئی ہے۔ لوکلائزیشن کی مہم، جو کہ فی الحال 92 فیصد کی سطح پر موجود ہے، قلیل مدتی سپلائر مینجمنٹ کے ساتھ مل کر دھات اور دیگر خام مال کی بڑھتی ہوئی قیمت کو متوازن کرنے میں کامیابی کے حوالے سے اہم عوامل کے طور پر موجود تھے۔ کمپنی کا مشن ہے کہ اعلیٰ ترین کوالٹی کے ٹریکٹرز کے سب سے زیادہ کفایتی پروڈیوسر میں سے ایک ہونے کے باعث مارکیٹ کی قیادت کو دوبارہ حاصل کیا جائے، اور اس کی سب سے زیادہ پائیدار مسابقتی برتری اس کے ٹریکٹرز کا معیار ہے۔

## مالیاتی اور کارپوریٹ گورننس فریم ورک

کمپنی نے لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 کی تمام اہم (material) ضروریات کی تعمیل کی ہے۔

کمپنی کی جانب سے متعدد سی ایس آر سرگرمیاں جاری رکھی گئیں۔ کمپنی نے اپنی توجہ متعلقہ سماجی کوششوں پر مرکوز کی ہیں جیسے کہ مقامی ٹیلنٹ کو فروغ دینا، خصوصی افراد کو ملازمت دینا اور کمیونٹی کی سماجی بہبود میں فعال کردار ادا کرنا خاص طور پر ڈیرہ غازی خان میں جہاں یہ پلانٹ واقع ہے۔ صنعتی تعلقات، صارفین کے تحفظ کے اقدامات اور کاروباری اخلاقیات سے متعلق بھی کوششیں کی گئی ہیں۔ ماحولیاتی اثرات کے حوالے سے، کمپنی پُر عزم ہے اور اس نے توانائی کی بچت، دوبارہ استعمال، ری سائیکلنگ، ماحولیاتی تحفظ، شجر کاری، ایندھن کی کارکردگی وغیرہ سے متعلق متعدد طریقہ کار کا نفاذ کیا ہے۔

### کاروبار کی نوعیت

مالی سال کے دوران کمپنی کے کاروبار کی نوعیت سے متعلق کوئی تبدیلی ظہور پذیر نہیں ہوئی۔

### ادائیگیوں کی نادرہنگی، ادھار / قرض، ٹیکس اور محصول

بہترین کاروباری طریقوں کی پابندی کرتے ہوئے، کمپنی مقررہ رقم کی بروقت ادائیگی کے سلسلے میں اپنی ذمہ داری کو تسلیم کرتی ہے۔ زیر جائزہ سال کے دوران ادھار / قرض کی ادائیگی کے حوالے سے کسی قسم کی نادرہنگی کو ریکارڈ نہیں کیا گیا۔ مزید برآں، مالی سال کے اختتام پر ٹیکس، ڈیویڈنڈ اور محصول (لیویز) کی مد میں کوئی ادائیگی واجب الادا باقی نہیں ہے۔

### میکرو اکنامک انوائرنمنٹ اور ٹریکٹر انڈسٹری

مالی سال 2021 کے لیے عبوری جی ڈی پی کی شرح نمو کا تخمینہ 3.94 فیصد لگایا گیا ہے۔ ملک کی اقتصادی ترقی، غذائی تحفظ، روزگار کے مواقع پیدا کرنے اور غربت کے خاتمے کے لیے زرعی شعبہ خاص طور پر دیہی سطح پر ناگزیر حیثیت کا حامل ہے۔ یہ جی ڈی پی میں 19.2 فیصد کا حصہ ڈالتا ہے اور تقریباً 38.5 فیصد لیبر فورس کو روزگار فراہم کرتا ہے۔ زرعی شعبے کی کارکردگی 2020-21 کے دوران بڑے پیمانے پر حوصلہ افزا رہی کیونکہ اس میں 2.8 فیصد کے ہدف کے مقابلے میں 2.77 فیصد کا اضافہ ہوا۔ مجموعی طور پر ٹریکٹر انڈسٹری میں گزشتہ سال کے مقابلے سال 2021 میں 4.1 فیصد کا نمایاں اضافہ دیکھنے کو ملا۔ شائع شدہ اعداد کے مطابق، تقریباً موجودہ مدت کے دوران 55,546 ٹریکٹر فروخت ہوئے جبکہ گزشتہ سال کے دوران یہ تعداد 39,346 تھی۔

### کاروباری کارکردگی کی جھلکیاں

کمپنی بنیادی طور پر زرعی ٹریکٹر اور اسپرٹ پارٹس کی تیاری اور ایفروخت میں مصروف عمل رہی۔ کمپنی کی جانب سے 85HP سیگمنٹ میں کمپنی کی موجودگی کو مضبوط بنانے کے لیے سال کے دوران اپنے ڈیگ ماڈل میں مختلف اصلاحات کی گئیں۔

کمپنی آنے والے (incoming) اور اسمبلی دونوں مراحل پر اپنی مصنوعات کے معیار کو بہتر بنانے کے سلسلے میں پُر عزم ہے۔ پلانٹ میں قائم کی گئی ایک جدید ترین کوالٹی لیبر اندرونی اجزاء کے معیار کو یقینی بناتی ہے۔ یہ لیبر جاری بنیادوں پر مزید بہتری اور اضافہ کے ساتھ کام کر رہی ہے۔

### بعد کے واقعات

(material) کمپنی کے مالی سال کے اختتام اور اس رپورٹ کی تاریخ کے درمیان کمپنی کی مالیاتی حالت کو متاثر کرنے والی کسی طرح کی اہم (تبدیلیاں یا وعدے نہیں ہوئے، ماسوائے اس کے کہ جنہیں منکشف کیا گیا ہو۔

## ڈائریکٹر کا مشاہرہ

بورڈ ممبران کے مشاہرے کی منظوری بورڈ خود دیتا ہے۔ تاہم، کوڈ آف کارپوریٹ گورننس کے مطابق، اس بات کو یقینی بنایا جاتا ہے کہ کوئی بھی ڈائریکٹر اپنے مشاہرے کا فیصلہ کرنے کے عمل میں حصہ نہ لے۔ کمپنی کی جانب سے اجلاسوں میں شرکت کے لیے خود مختار ڈائریکٹرز کے علاوہ نان-ایگزیکٹو ڈائریکٹرز کو معاوضے کی ادائیگی نہیں کی جاتی ہے۔ بہترین صلاحیتوں کے حامل افراد کو برقرار رکھنے کے لیے، کمپنی کے معاوضے کی پالیسیاں صنعت کے مروجہ رجحانات کو مد نظر رکھتے ہوئے اور کاروباری طریقوں کے مطابق تشکیل دی گئی ہیں۔ اس سالانہ رپورٹ میں ڈائریکٹرز اور سی ای او کے مشاہرے کے بارے میں تفصیلی اور عددی معلومات کے لیے، براہ کرم مالیاتی گوشواروں کے نوٹس ملاحظہ کریں۔

## سی ای او کی کارکردگی کا جائزہ

سی ای او کی کارکردگی کا باضابطہ طور پر تشخیصی نظام کے ذریعے جائزہ لیا جاتا ہے جو کہ کمیٹی (quantitative) اور معیاری (qualitative) اقدار پر مبنی ہوتا ہے۔ اس میں کاروبار کی کارکردگی، منافع کے حوالے سے مقاصد کی تکمیل، تنظیم سازی، جانشینی کی منصوبہ بندی اور کارپوریٹ کامیابی شامل ہے۔

## شیر ہولڈنگ کا خاکہ

کمپنی کے شیر ہولڈنگ کا خاکہ ”سرمایہ کار تعلقات“ کے سیکشن کے تحت اس رپورٹ کے ساتھ منسلک ہے۔

## غیر ملکی ملکیتی پوزیشن

الفطیم انڈسٹریز کمپنی ایل ایل سی، جو کہ متحدہ عرب امارات سے مربوط ہے 50.20 فیصد حصص کا حامل ہونے کی حیثیت سے، اے جی ٹی ایل کی ہولڈنگ کمپنی ہے۔ سی این ایچ انڈسٹریل این۔وی، نیدرلینڈز سے مربوط ہے، جو کہ دوسرا بڑا شیر ہولڈر ہے، جس کے پاس اے جی ٹی ایل کے 43.17 فیصد حصص موجود ہیں۔

## کاروباری تسلسل کا منصوبہ

ایک چلتے ہوئے کاروبار کے طور پر جاری رہنے کی کمپنی کی صلاحیت پر کسی خاص قسم کے شبہات موجود نہیں ہیں۔

## ایوارڈز اور توثیق

اے جی ٹی ایل کو ICAP اور ICMAP کی مشترکہ کمیٹی کی جانب سے ایک بار پھر بہترین کارپوریٹ رپورٹس ایوارڈز 2021 سے نوازا گیا۔ اے جی ٹی ایل کی سالانہ رپورٹ انجینئرنگ اور آٹومیٹکس میں مشترکہ طور پر دوسرے نمبر پر رہی۔

## کارپوریٹ سماجی ذمہ داری

کمپنی مجموعی کاروباری ماحول کے تناظر میں سماجی، ماحولیاتی، اور اخلاقی معاملات کو نظر میں رکھتی ہے۔ کمپنی تمام اسٹیک ہولڈرز کے بہترین مفاد میں کام کرنے کے لیے پُر عزم ہے، خاص طور پر اس کمیٹی کے لیے جس میں یہ موجود ہے اور اپنے کسٹمر ہیں کے ساتھ ساتھ افرادی قوت (employee-based) حاصل کرتی ہے؛ بالخصوص، ڈیرہ غازی خان کے لیے جہاں پلانٹ واقع ہے۔

کارپوریٹ سماجی ذمہ داریوں پر رپورٹ میں، بشمول صحت اور حفاظت، انسانی وسائل، سماجی، ماحولیاتی اور دیگر متعلقہ مسائل کے حوالے سے اپنے نقطہ نظر کو سسٹیمیٹیک رپورٹ میں پیش کیا گیا ہے، جو اس سالانہ رپورٹ کا ایک حصہ ہے۔

نیا بورڈ درج ذیل تغیر پذیری (diversity) پر مشتمل ہے (بشمول عارضی خالی اسامی):

بورڈ میں صنفی تغیر پذیری:

9	الف) مرد
1	ب) خاتون

بورڈ میں فعال تغیر پذیری:

3	الف) خود مختار ڈائریکٹرز
5	ب) نان-ایگزیکٹو ڈائریکٹرز
2	ج) ایگزیکٹو ڈائریکٹرز

## کمیٹیاں

بورڈ کی جانب سے 31 دسمبر 2021 کو اختتام پذیر ہونے والے سال کے مطابق بورڈ کے درج ذیل اراکین پر مشتمل تین کمیٹیاں تشکیل دی گئی ہیں:

### الف) آڈٹ کمیٹی

محترمہ فرح قریشی	چیئر پرسن اور خود مختار ڈائریکٹر
جناب برنڈ ایرک شیونڈ ٹکے	نان-ایگزیکٹو ڈائریکٹر
جناب رمیش نرا سمہان	نان-ایگزیکٹو ڈائریکٹر
جناب اینڈریا ٹرا باچن	نان-ایگزیکٹو ڈائریکٹر

### ب) ہیومن ریسورس اینڈ ریمونریشن (مشاہرہ) کمیٹی

جناب برنڈ ایرک شیونڈ ٹکے	چیئر مین اور نان-ایگزیکٹو ڈائریکٹر
جناب اینڈریا ٹرا باچن	نان-ایگزیکٹو ڈائریکٹر
محترمہ فرح قریشی	خود مختار ڈائریکٹر
جناب راجیل اصغر	سی ای او اور ایگزیکٹو ڈائریکٹر
ملک احتشام اکرام	سی ایف او اور ایگزیکٹو ڈائریکٹر

### پ) ٹیکنیکل کمیٹی

جناب شاہد شہباز طور	چیئر مین اور خود مختار ڈائریکٹر
جناب میٹھیو سیجاری	نان-ایگزیکٹو ڈائریکٹر
جناب ونسنٹ ڈی لاساگنی	نان-ایگزیکٹو ڈائریکٹر
جناب راجیل اصغر	سی ای او اور ایگزیکٹو ڈائریکٹر
ملک احتشام اکرام	سی ایف او اور ایگزیکٹو ڈائریکٹر

## چیسر مین کا جائزہ

اس سالانہ رپورٹ میں شامل چیسر مین کا جائزہ کاروبار کی نوعیت، کمپنی کی کارکردگی، گزشتہ سال کے اہم انحراف کی وضاحت، مستقبل کے امکانات اور غیر یقینی صورتحال سے متعلق ہے۔

## بورڈ کا ڈھانچہ

لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 کی تعمیل کرنے کے لیے، بورڈ کا کم از کم 1/3 حصہ خود مختار ڈائریکٹرز پر مشتمل ہونا چاہیے، ڈائریکٹرز کی کم از کم تعداد میں اضافے کے لیے کمپنی کے آرٹیکلز آف ایسوسی ایشن میں ترمیم کی منظوری 03 مارچ 2021 کو کمپنی کے غیر معمولی اجلاس عام میں دی گئی۔

اس کے بعد اسی اجلاس میں، گزشتہ بورڈ کی میعاد اختتام پذیر ہونے کے بعد جس میں سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (ایس ای سی پی) کی اجازت سے توسیع کی گئی تھی 3 سال کی اگلی مدت کے لیے ڈائریکٹرز کا انتخاب ہوا۔ انتخابات کے نتیجے میں، جناب رچرڈ کسا بے کمپنی کے ڈائریکٹر کی حیثیت سے ریٹائر ہو گئے جبکہ، درج ذیل ڈائریکٹرز کو 3 سال کی آئندہ مدت کے لیے بلا مقابلہ منتخب اور بارہ منتخب قرار دیا گیا:

- 1- جناب برنڈ ایرک شیونڈ ٹکے نان۔ ایگزیکٹو ڈائریکٹر
- 2- جناب ثاقب الطاف نان۔ ایگزیکٹو ڈائریکٹر
- 3- جناب ونسنٹ ڈی لاساگنی نان۔ ایگزیکٹو ڈائریکٹر
- 4- جناب اینڈریا ٹراباچن نان۔ ایگزیکٹو ڈائریکٹر
- 5- جناب میتھیو سیجاری نان۔ ایگزیکٹو ڈائریکٹر
- 6- محترمہ فرح قریشی خود مختار ڈائریکٹر
- 7- جناب شہزاد نقوی خود مختار ڈائریکٹر
- 8- جناب شاہد شہباز طور خود مختار ڈائریکٹر
- 9- جناب ملک احتشام اکرام ایگزیکٹو ڈائریکٹر

جناب راجیل اصغر، کمپنی کے چیف ایگزیکٹو آفیسر (سی ای او) ہونے کی حیثیت سے بورڈ آف ڈائریکٹرز میں دسویں ڈائریکٹر تھے۔

بعد ازاں، جناب شہزاد نقوی خود مختار ڈائریکٹر کے عہدے سے مستعفی ہو گئے اور اس کے بعد، جناب ثاقب الطاف نے کمپنی کے بورڈ میں لفظیم انڈسٹریز کے نان۔ ایگزیکٹو، نامزد ڈائریکٹر کے عہدے سے بھی استعفیٰ دیدیا اور ان کی جگہ جناب رمیش نرا سمہان نے لی۔

زیر جائزہ سال کے اختتام پذیر ہونے کے بعد، جناب برنڈ ایرک شیونڈ ٹکے، لفظیم انڈسٹریز کے چیئر مین اور نامزد ڈائریکٹر کے عہدے سے مستعفی ہو گئے، اور ایک نئی نامزدگی موصول ہونے پر، جناب رابرٹ مک ایبلسٹر کو ڈائریکٹر کے ساتھ ساتھ اے جی ٹی ایل بورڈ کے چیئر مین کے طور پر تعینات کیا گیا۔ اس کے فوراً بعد جناب راجیل اصغر نے بھی سی ای او کی حیثیت سے اپنا استعفیٰ پیش کیا اور اے جی ٹی ایل کے ایگزیکٹو ڈائریکٹر اور سی ایف او ملک احتشام اکرام کو قائم مقام سی ای او کا اضافی چارج سونپا گیا۔ اس رپورٹ کی منظوری سے قبل، جناب اینڈریا ٹراباچن نے بھی سی ایو این ایچ انڈسٹریل این۔وی۔ کے نامزد نان۔ ایگزیکٹو کی حیثیت سے استعفیٰ دیدیا اور نئی نامزدگی کی بنیاد پر، کمپنی کے بورڈ میں نان۔ ایگزیکٹو ڈائریکٹر کے طور پر جناب مارکو ووٹا کی تعیناتی عمل میں آئی۔

## فی حصص آمدنی

2020 میں 23.28 روپے کے مقابلے میں 2021 میں بنیادی فی حصص آمدنی 51.03 روپے رہی۔

## کارکردگی کی جھلکیاں

کمپنی کی جانب سے سال 2021 کے دوران 18,156 ٹریکٹرز فروخت کیے گئے جبکہ سال 2020 میں فروخت ہوئی والے ٹریکٹرز کی تعداد 12,142 تھی۔ مختلف حوصلہ افزا عوامل کاروبار میں بہتری کا سبب بنے۔ جیسا کہ دنیا کے دیگر ممالک بالعموم، اور پاکستان، خاص طور پر، وبائی مرض کے اثرات سے باہر آنے میں کامیاب ہوا، جس کے سبب مالی سال 2021 میں توقع سے زیادہ معاشی نمود دیکھنے میں آئی، اس صورتحال میں آٹوموبائل اور ٹریکٹرز کی مارکیٹ متحرک ہونے کے ساتھ ساتھ حکومت کی جانب سے اٹھائے گئے مختلف اقدامات کی وجہ سے کسانوں کے لیے بہتر لیکویڈیٹی دستیاب رہی۔ زراعت کے شعبے کی کارکردگی بڑے پیمانے پر حوصلہ افزا رہی جو کہ گزشتہ سال کے مقابلے میں ترقی کو ظاہر کرتی ہے۔ ربیع اور خریف کے موسم میں پانی کی دستیابی میں بھی پچھلے سال کے مقابلے میں اضافہ دیکھنے میں آیا۔ کمپنی نے صارفین کے ساتھ منسلک ہونے اور معیار میں بہتری اور استعداد کار کو یقینی بنانے کے لیے اپنی کوششیں جاری رکھیں۔

31 دسمبر 2021 کو اختتام پذیر ہوئی والے سال کے لیے قبل از ٹیکس منافع 4.17 ارب روپے رہا جو کہ گزشتہ سال کے مقابلے میں 116 فیصد زائد ہے۔ مجموعی مارجن، جو کہ پچھلے دو سالوں میں دباؤ کا شکار رہا ہے، اس نے بہترین طریقے سے بحالی کی جانب قدم بڑھائے۔ تاہم، حکام کی جانب سے سیلز ٹیکس کی واپسی میں تاخیر کے سبب کمپنی کو کافی مالی اخراجات برداشت کرنا پڑ رہے ہیں جو کہ تقریباً 2.99 ارب روپے تک پہنچ چکے ہیں۔ بینک کے قرضے اور متعلقہ مالیاتی لاگت میں بھی 94 فیصد کمی واقع ہوئی جو کہ 145.79 ملین روپے سے کم ہو کر 8.75 ملین روپے ہو گئی۔

4.17 ارب روپے کے قبل از ٹیکس منافع میں سے کارپوریٹ ٹیکس کی مد میں 1.21 ارب روپے کی رقم وصول کی گئی۔ اس طرح بعد از ٹیکس منافع 2.97 ارب روپے رہا جو کہ فی حصص آمدنی (ای پی ایس) کے لحاظ سے 51.03 روپے فی حصص بنتا ہے۔

”کلیدی آپریٹنگ اور مالیاتی ڈیٹا“ اور ”مالیاتی گوشوارے کا افقی اور عمودی تجزیہ“ جس پر سالانہ رپورٹ میں روشنی ڈالی گئی ہے، کمپنی کی مضبوطی کی تصدیق کرتے ہیں۔

## تخصیص

زیر جائزہ سال کے لیے غیر مختص (unappropriated) منافع کا بیان حسب ذیل ہے:

2020	2021
613,896	949,301
1,384,405	2,924,999
(1,049,000)	-
-	1,049,000
949,301	4,923,300
-	(1,239,854)
949,301	3,683,446

غیر مختص منافع - آگے لایا جانے والا

سال کی مجموعی آمدنی

غیر مختص منافع سے عمومی ریزرو میں منتقلی

عمومی ریزرو سے غیر مختص منافع میں منتقلی

تخصیص کے لیے دستیاب رقم

تخصیص:

سال 2020 کے لیے ادا کیا جانے والا حتمی ڈیویڈنڈ 21.39 روپے فی حصص (2019): صفر

(روپے فی حصص)

غیر مختص منافع - آگے بڑھایا جانے والا



## ڈائریکٹرز رپورٹ

31 دسمبر 2021 کو اختتام پذیر ہونے والے سال کے لیے  
الغازی ٹریڈرز لمیٹڈ ("کمپنی" یا "اے جی ٹی ایل") کے ڈائریکٹرز 31 دسمبر 2021 کو اختتام پذیر ہونیوالے مالی سال کے لیے کمپنی کے آڈٹ شدہ مالیاتی  
گوشواروں کے ہمراہ سالانہ رپورٹ پیش کرتے ہوئے نہایت خوشی محسوس کر رہے ہیں۔

### آپریٹنگ نتائج

زیر جائزہ سال کے مالیاتی نتائج حسب ذیل ہیں:

2020	2021	
		روپے ہزار میں
11,935,172	20,578,906	فروخت
2,766,012	4,721,228	مجموعی منافع
1,927,907	4,169,730	قبل از ٹیکس منافع
(578,250)	(1,211,868)	ٹیکسیشن
1,349,657	2,957,862	بعد از ٹیکس منافع
34,748	(32,863)	دیگر جامع آمدنی
1,384,405	2,924,999	مجموعی آمدنی

### ڈیویڈنڈ اور عمومی ریزرو

31 دسمبر 2021 کو اختتام پذیر ہونیوالے سال کے لیے، بورڈ نے 12 اپریل 2022 کو منعقد ہونیوالی اپنی میٹنگ میں 51.03 روپے فی حصص کے حساب  
سے جو کہ 2.958 ارب روپے کی رقم بنتی ہے، حتمی نقد منافع تجویز کیا ہے۔

A portrait of a middle-aged man with short brown hair, wearing a dark blue suit jacket over a light blue shirt. He is looking directly at the camera with a slight smile. The background is a plain, light grey color. A green horizontal bar is positioned to the right of his head, containing the title text.

## Chairman's Review Report

I am pleased to present the Review Report for the year ended 31 December 2021.

### **Company's performance overview**

The year 2021 has been very encouraging for the agricultural sector wherein agrarian economy witnessed a growth of 2.77% in the outgoing fiscal year 2020-21 as compared to 2.67% growth in FY2019-20. With this growth, overall tractor market also grew by 41% owing to lifting of pandemic driven lockdowns and overall GDP growth of 3.94%.

Al-Ghazi Tractors Limited. ('the Company') achieved sales volume of 18,156 tractors and posted a profit before tax of Rs. 4.17 billion more fully explained in the directors' report. To stay resilient to evolving market dynamics, the Company took various measures including structural re-organization, working capital optimization and operational turnaround which in combination have reflected positively on margins and efficiency ratios of the Company.

One of the key focus areas of the past year was the health and safety of our employees, customers and suppliers. Effective hygiene and social distancing protocols had been established throughout the company and the health of our staff and stakeholders remains our foremost concern. AGTL has remained proactive and flexible in responding to Covid-19 and I would like to specifically thank our employees and management for their unwavering support beyond the call of duty.

As we look forward, delivery of quality products will remain key focus of our management along with good business plans for the overall success of the Company especially for under-penetrated areas. I am confident that the Company will be successful in navigating through future challenges, in line with the Company's vision and mission statements, while giving regard to pandemic and economic environment affecting the Company.

### **Board's performance and role effectiveness**

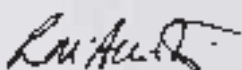
The overall performance of the Company's Board of Directors ('the Board') and effectiveness of the role played by the Board in achieving the objectives of the Company, have remained a vital advantage throughout the year.

The Board has worked tremendously hard and 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 2021 statement of compliance with code of corporate governance. Appropriate directors' reviews have been published with all the condensed interim financial information and annual financial statements for the year 2021. The Board has performed its duties diligently and has managed the affairs of the Company in an effective and efficient manner with the aim that the best interest of shareholders of the Company is upheld.

The Board recognizes that well-defined corporate governance processes are indispensable in enhancing corporate accountability. The Board has also established its appropriate committees for its support, in order to have meticulous oversight. The Board met frequently enough during the year 2021 and held seven 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 great in a difficult economic environment.

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

I would like to extend my gratitude to all stakeholders for the good performance of the Company and commend the Company's Board of Directors, management, and employees for achieving the said performance through dedication and hard work.



**Robert Ian McAllister**

Chairman

12 April 2022

## کمپنی کی کارکردگی کا جائزہ

سال 2021 زرعی شعبے کے لیے کافی حوصلہ افزا ثابت ہوا ہے جس میں زرعی معیشت نے مالی سال 2019-20 میں 2.67 فیصد کی نمو کے مقابلے میں 2020-21 کے اختتام پذیر ہونے والے مالی سال میں 2.77 فیصد اضافہ دیکھا۔ اس ترقی کے ساتھ، مجموعی طور پر ٹریکٹر مارکیٹ میں بھی 41 فیصد اضافہ دیکھنے کو ملا جس کا سبب وبائی مرض کے باعث نافذ العمل لاک ڈاؤن کو ہٹانا اور مجموعی جی ڈی پی نمو کا 3.94 فیصد ہونا رہا۔

الغازی ٹریکٹرز لمیٹڈ ('کمپنی') نے 18,156 ٹریکٹرز فروخت کرنے کا حجم حاصل کیا اور 4.17 ارب روپے کا قبل از ٹیکس منافع کمایا، جس کی ڈائریکٹرز رپورٹ میں مکمل طور پر وضاحت کی گئی ہے۔ ترقی پذیر مارکیٹ کی حرکیات کے حوالے سے پلگدار رہنے کے لیے، کمپنی نے اسٹریٹجی ریسٹریکٹڈ آرگنائزیشن، ورکنگ کیپٹل آپٹیمائزیشن اور آپریشنل ٹرن اراؤنڈ سمیت متعدد اقدامات کیے ہیں جس نے مجموعی طور پر کمپنی کے مارجن اور کارکردگی کے تناسب پر مثبت اثرات مرتب کیے ہیں۔

گزشتہ سال توجہ کے حامل رہنے والے اہم ترین شعبوں میں سے ایک ہمارے ملازمین، صارفین اور سپلائرز کی صحت اور حفاظت تھی۔ موثر حفظان صحت اور سماجی دوری کے پروٹوکول پوری کمپنی میں قائم کیے گئے جبکہ ہمارے عملے اور اسٹیک ہولڈرز کی صحت ہماری اولین ترجیحات میں شامل رہیں۔ اے جی ٹی ایل کی جانب سے کووڈ-19 کی صورتحال کے پیش نظر فعال اور پلگدار اقدامات کیے گئے اور میں اپنے ملازمین اور انتظامیہ کا خصوصی طور پر شکریہ ادا کرنا چاہوں گا کہ انہوں نے اپنی ذمہ داریوں سے بڑھ کر غیر متوازن حمایت پیش کی۔

جیسا کہ ہماری نگاہیں آگے کی جانب مرکوز ہیں، ہماری انتظامیہ کی کلیدی توجہ معیاری مصنوعات کی فراہمی پر ہوگی اور کمپنی کی مجموعی کامیابی کے لیے اچھے کاروباری منصوبوں کے ساتھ خاص طور پر زیر اثر علاقے مرکز نگاہ ہونگے۔ مجھے یقین ہے کہ کمپنی، اپنے وژن اور مشن کے بیانات کے مطابق، کمپنی کو متاثر کرنے والی وبا اور معاشی صورتحال کے حوالے سے مستقبل کے چیلنجوں سے نمٹنے میں کامیاب ہوگی۔

## بورڈ کی کارکردگی اور کردار کی افادیت

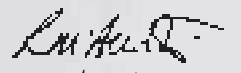
کمپنی کے بورڈ آف ڈائریکٹرز ('بورڈ') کی مجموعی کارکردگی اور کمپنی کے مقاصد کے حصول میں بورڈ کی جانب سے ادا کیے گئے کردار کی افادیت، دوران سال انتہائی مفید حیثیت میں موجود رہی۔

بورڈ کی جانب سے کافی محنت کی گئی ہے اور اپنے اختیارات کا استعمال کیا گیا ہے اور کمپنی ایکٹ 2017 اور کارپوریٹ گورننس کے قابل اطلاق ضابطہ میں بیان کردہ اپنے فرائض کو سر انجام دیا گیا۔ کمپنی نے مذکورہ کوڈ کے متعلقہ اصولوں کی تعمیل کی ہے جیسا کہ کمپنی کے کوڈ آف کارپوریٹ گورننس کے ساتھ تعمیل کے 2021 کے بیان میں مکمل طور پر وضاحت کی گئی ہے۔ سال 2021 کے لیے تمام جامع عبوری مالیاتی معلومات اور سالانہ مالیاتی گوشواروں کے ساتھ موزوں ڈائریکٹرز کے جائزے شائع کیے گئے۔ بورڈ نے اپنی ذمہ داریوں کو پوری تندرہی کے ساتھ انجام دیا ہے اور کمپنی کے معاملات کو کارگزار اور موثر انداز میں اس مقصد کے ساتھ چلایا ہے کہ کمپنی کے شیئرز ہولڈرز کے بہترین مفاد کو برقرار رکھا جائے۔

بورڈ اس بات کو تسلیم کرتا ہے کہ کارپوریٹ گورننس کے واضح طور پر طے شدہ طریقہ کار، کارپوریٹ احتساب کو بڑھانے کے حوالے سے ناگزیر ہیں۔ اپنی معاونت کے سلسلے میں بورڈ کی جانب سے اپنی مناسب کمیشنیں بھی قائم کی گئی ہیں، تاکہ باریک بینی سے نگرانی کا عمل انجام دیا جاسکے۔ سال 2021 کے دوران بورڈ نے مناسب وقفوں کے ساتھ اجلاس منعقد کیے اور اپنی کمیٹیوں کے اجلاسوں کے علاوہ سات اجلاسوں کا انعقاد کیا۔ بورڈ کی طرف سے ادا کیا گیا موثر کردار کمپنی کے معاملات کو سنبھالنے میں کلیدی حیثیت کا حامل رہا، جس کی کارکردگی مشکل معاشی صورتحال میں شاندار رہی ہے۔

دوران سال، کمپنی کے بورڈ آف ڈائریکٹرز کی جانب سے کمپنی کے مقاصد کے حصول کو یقینی بنانے کے سلسلے میں موثر کردار ادا کیا گیا۔ میں بورڈ کی ان فعال کوششوں کے لیے شکر گزار ہوں جو کمپنی کے لیے اچھے نتائج حاصل کرنے کے حوالے سے اہم تھیں۔

میں کمپنی کی اچھی کارکردگی کے لیے تمام اسٹیک ہولڈرز کا شکریہ ادا کرنا چاہتا ہوں اور کمپنی کے بورڈ آف ڈائریکٹرز، انتظامیہ اور ملازمین کی جانب سے محنت و لگن کے ذریعے مذکورہ کارکردگی پیش کرنے پر انہیں سراہتا ہوں۔

  
رابرٹ ایان مک ایلسٹر  
چیئر مین

## چیرمین کا جائزہ

میرے لیے انتہائی مسرت کی بات ہے کہ میں  
31 دسمبر، 2021 کو اختتام پذیر ہونے والے  
سال کے لیے جائزہ رپورٹ پیش کر رہا ہوں۔

# Forward Looking Statement

## **Analysis of prior period's forward-looking disclosures/Status of Projects**

Company sales and production levels remained in line with targets. There were various challenges in 2021 i.e. global supply chain challenges and persistent economic slowdown remained the most significant issues. Government announced support for farmers by the end of 2020 which affected the sales in year 2021 positively. Overall tractor industry witnessed a growth of 41% in 2021 compared to last year mainly due recovery of economy and ease in COVID related restrictions. But 2021 was not without its challenges, constant cost increase pressure, supply related issues and deterioration of the currency were factors contributing to increased prices affecting volumes. Despite all of the above, the Company continued its efforts of engaging with customers and ensuring quality improvements and efficiencies which has resulted in improved performance despite challenging times. The Company has successfully completed the construction of its state-of-the-art QA Lab building. A number of new projects have been initiated considering the strategic goals of the Company. The project includes construction and renovation projects such as procurement & installation of dynamometers, construction of offline sheds, installation of fuel tanks etc.

## **Forward looking statement**

The year 2021 has been proven to be encouraging for Agricultural Sector where the growth of agrarian economy witnessed a 2.77% in the outgoing FY 2020-21 compared to 2.67% growth in FY 2019-20.

Al-Ghazi Tractors Ltd. achieved sales volume of 18,156 tractors and had a profit before tax of Rs. 2.9 billion explained more in the directors' report. Constant pressure on gross margins owing to cost inflation, rupee devaluation and rapidly changing environmental conditions including crop yields and availability of water for irrigation in general, are also the key factors that translates into various opportunities and challenges for tractor Industry.

As we look forward, delivery of quality products will remain key focus of our management along with good business plans for the overall success of the Company. Management is confident that the Company will be successful in navigating through the future challenges, in line with the Company's vision and mission and while giving regard to economic environment affecting the Company. AGTL is driven by optimism and belief on its ever agile workforce. Being cost competitive, having hands on management style along with the high standards of workmanship makes AGTL a perfect example for growth and development.

Keeping in view the foregoing, the Company is positive about future prospects and expects to perform well in the ensuing years, timing of settlement of long outstanding refund due from Govt. are also critical for cashflows and profitability.

## **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 industrial trends and historical data. Projections are developed based on macro and micro economic indicators, market trends & research, local material price forecast, data from regulatory & taxation authorities, seasonal variations & competitors' actions etc.

Information is also generated internally from critical functions of the company including Marketing, Manufacturing and production, Human resource, Finance etc.

Data acquired from the sources mention earlier is compiled and corroborated for the preparation of annual budget and forecast. These budgets serve as formal plan and target for the Company after the Board's approval.

### **Response to Future Challenges and Uncertainties**

Effective management through mitigating strategies has been done in response to major risks and uncertainties facing the Company. 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 and explore opportunities for alternate sources of raw material for ensuring sustained operation.

The ongoing pandemic continues to pose threat to overall economy as well as agriculture sector of the country. Continued Government support and subsidies are therefore critical for sustenance of agriculture sector in the country.





# Award in the year 2021

## Best Corporate Report Award

Al Ghazi Tractors Ltd. was awarded joint 2nd position for "Best Corporate Report Award 2020" 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).



# Stakeholders' Engagement

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 broad non-exclusionary 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
<b>Government and regulatory bodies</b>	<ul style="list-style-type: none"> <li>• Compliance with laws and regulations</li> <li>• Collaboration and access to information</li> <li>• Technical support on specific industry related issues</li> </ul>
<b>Employees</b>	<ul style="list-style-type: none"> <li>• Clarity of organization and protection in periods of uncertainty</li> <li>• Clear and transparent reward system</li> <li>• Training and professional development</li> <li>• Stimulating and safe work environment</li> <li>• Information on Company's strategy and results</li> </ul>
<b>Employees' families / Community Development</b>	<ul style="list-style-type: none"> <li>• Indirect participation in corporate life</li> </ul>
<b>Dealers and service network</b>	<ul style="list-style-type: none"> <li>• Complete and rapidly accessible product information</li> <li>• Business profitability</li> <li>• Quality and reliability of products / parts</li> <li>• Competitive prices</li> <li>• Extension of financial and non-financial assistance</li> </ul>
<b>Existing and prospective customers</b>	<ul style="list-style-type: none"> <li>• Quality, reliability and safety of products</li> <li>• Competitive prices</li> <li>• Speed and efficiency of after sales services</li> </ul>
<b>Suppliers</b>	<ul style="list-style-type: none"> <li>• Continuity of supply</li> <li>• Fulfillment of contractual obligation</li> </ul>
<b>Shareholders</b>	<ul style="list-style-type: none"> <li>• Access to information</li> <li>• Transparent and responsible management</li> <li>• Value creation (return on investment, sustainability of business)</li> </ul>
<b>Analysts / Institutional investors</b>	<ul style="list-style-type: none"> <li>• Availability of relevant information</li> </ul>
<b>Banks / financial institutions</b>	<ul style="list-style-type: none"> <li>• Continuity of business and operations</li> <li>• Good financial management</li> </ul>
<b>Media</b>	<ul style="list-style-type: none"> <li>• Fulfilment of obligations of arrangement</li> </ul>

Tools and interaction Channel	Effect on AGTL's performance and value
<ul style="list-style-type: none"> <li>• Periodic and adhoc reporting</li> </ul>	<p>The Company remains focused to have sufficient level of compliance with laws and regulations.</p>
<ul style="list-style-type: none"> <li>• Daily dialogue</li> <li>• Employee lunches / dinners</li> <li>• Discussions regarding appraisals and development path</li> <li>• Inhouse communication</li> <li>• Easy access to top management</li> <li>• Adherence to labour laws</li> </ul>	<p>Human resources play a key role for organisation's success.</p>
<ul style="list-style-type: none"> <li>• Staff town with family and bachelor accommodation</li> <li>• Transport facility</li> <li>• Vaccination / health awareness campaigns</li> <li>• Participation in sports day events</li> <li>• Health care plans, Community hall</li> </ul>	<p>Adequate activities of the Company assist in maintaining positive image of the Company at the levels of local community and employees.</p>
<ul style="list-style-type: none"> <li>• Daily contacts and periodic meetings with the network</li> <li>• Individuals responsible for monitoring the network and ensuring fulfillment of contractual standards</li> <li>• Programs to support dealers including training, conferences and other incentives.</li> <li>• Tractor festivals</li> <li>• After Sale Service programme</li> </ul>	<p>Dealers act as business partners. Satisfactory after sales services helps in sustainable customer satisfaction.</p>
<ul style="list-style-type: none"> <li>• Market research</li> <li>• Three-way communication through dealership, service centres and mechanical workshops</li> </ul>	<p>Loyalty of customers to our products is key in achieving success and good financial performance.</p>
<ul style="list-style-type: none"> <li>• Daily relationship through Supply Chain Department</li> </ul>	<p>Our effective management of suppliers facilitates in achieving production objectives.</p>
<ul style="list-style-type: none"> <li>• Shareholders meetings</li> <li>• Annual / Quarterly reports</li> <li>• Price sensitive communications and information</li> <li>• Daily dialog (email, telephones)</li> <li>• Investor relations section of the Company's website: <a href="http://www.alghazitractors.com">www.alghazitractors.com</a></li> </ul>	<p>Support of shareholders serve as a foundation to achieve the Company's objectives and vision.</p>
<ul style="list-style-type: none"> <li>• Communications to PSX</li> <li>• Investor relation section of AGTL's website, containing relevant information about the Company"</li> </ul>	<p>Availability of adequate information about the Company helps in maintaining positive image of the Company with analysts and institutional investors.</p>
<ul style="list-style-type: none"> <li>• Providing of information as per requirements of banks</li> <li>• Frequent meetings and interaction"</li> </ul>	<p>Attractive rates and terms of overdrafts and other arrangements.</p>
<ul style="list-style-type: none"> <li>• Promotional activities are carried as per Marketing requirements</li> </ul>	<p>Necessary awareness about the Company and its products is imparted.</p>

# Notice of 39th Annual General Meeting

Notice is hereby given that the 39th Annual General Meeting of Al-Ghazi Tractors Limited (the Company) will be held on Tuesday, 17 May 2022 at 04:00 PM at Pearl Continental Hotel, Karachi.

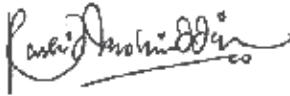
Please note that due to the continuing Covid 19 pandemic and to ensure the safety and health of members, physical attendance will be limited, and shareholders are encouraged to attend the meeting through video conference facility managed by the Company (please see the notes section for details).

Following business will be transacted at the Annual General Meeting:

## Ordinary Business

1. To receive, consider and adopt the Audited Financial Statements, together with the Chairman's Review Report, the Directors' Report and the Auditors' Report for the year ended 31 December 2021.
2. To declare, as recommended by the Board of Directors, the payment of a final cash dividend at the rate of PKR 51.03 per share (i.e. 1,020.58%) for the year ended December 31, 2021.
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., Chartered Accountants, being eligible, have offered themselves for reappointment. The members are hereby notified that the Audit Committee as well as the Board of Directors have recommended the name of retiring auditors, M/s. A. F. Ferguson & Co., Chartered Accountants, for re-appointment as auditors of the Company for the financial year ending on 31 December 2022.

By Order of the Board



Rashid Mohiuddin  
Company Secretary  
Karachi, 26th April, 2022

## NOTES:

1. The share transfer books of the Company will remain closed from 11 May 2022 to 17 May 2022 (both days inclusive). Transfers received in order at the office of our Share Registrars, M/s. FAMCO Associates (Private) Limited, 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 10 May 2022 will be treated in time for the purpose of entitlement of the transferees to attend and vote at the meeting.

2. Participation in the AGM proceeding via the video conference facility:

Due to the continuing Covid 19 pandemic and to ensure the safety and health of members, physical attendance at the AGM will be limited. Hence, members are encouraged to attend the AGM proceedings via video-conferencing facility, which shall be made available by the Company.

All shareholders/members interested in attending the AGM through video-conferencing facility are requested to register their name, folio number, cell number and CNIC or passport number along with its scanned copy at [agm@alghazitractors.com](mailto:agm@alghazitractors.com). Confirmation email along with video-link and login credentials will be shared with only those shareholders whose registration are received at least 48 hours before the time of AGM.

The Company reserves the right to refuse entry to members who are not carrying their vaccination cards with them. These measures are necessary to ensure the safety and health of all present.

3. A member entitled to attend and vote may appoint a proxy to attend and vote on his/her behalf. 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. Proxies may also be appointed by emailing a scanned copy of signed form by the shareholder authorizing proxy along with email address of proxy and relevant details (as stated above) to [agm@alghazitractors.com](mailto:agm@alghazitractors.com).

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. The Form of Proxy is also available on Company's website

4. Shareholders or their proxies are requested to bring with them or otherwise furnish their Computerized National Identity Card or Passport along with the folio number or participants ID number and their account number at the time of attending the Annual General Meeting physically or through video-conference in order to facilitate their identification. The representatives of corporate bodies should provide 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.
5. Members (non-CDC) are requested to promptly communicate to the Share Registrars of the Company any change in their addresses. CDC shareholders should submit any change in their addresses to the CDC. The individual members who have not yet submitted photocopy of their valid CNICs and corporate entities who have not yet submitted their NTN's are once again reminded to have these details updated with their respective CDS participants, in case of CDC account holders and to send the same at the earliest directly to the Company's Share Registrars at the address given here-in-above, in case of physical shareholders. Please provide folio numbers with the copy of CNIC/NTN.

#### 6. Unclaimed Dividend

Shareholders who could not collect their previous dividend/shares are advised to contact our Share Registrars to claim their unclaimed dividend or shares, if any. The Unclaimed shares, Dividend which remain so unclaimed or unpaid for a period of three years from the date it is due and payable shall be dealt with in accordance with the requirements of the Companies Act.

#### 7. Tax on dividend

In compliance with Section 150 read with Division I of Part III of the First Schedule of the Income Tax Ordinance, 2001 withholding tax on dividend income will be deducted for 'filer' and 'non-filer' shareholders at 15% and 30% respectively. A 'filer' is a taxpayer whose name appears in the Active Taxpayers List (ATL) issued by the FBR from time to time and a 'non-filer' is a person other than a filer. To enable the Company to withhold tax at 15% for filers, all shareholders are advised to ensure that their names appear in the latest available ATL on FBR website, otherwise tax on their cash dividend will be deducted at 30%. Withholding tax exemption from the dividend income shall only be allowed if a copy of valid tax exemption certificate is made available to the Share Registrars of the Company, M/s. FAMCO Associates (Private) Limited, by the first day of book closure.

According to the FBR, withholding tax in case of joint accounts will be determined separately based on the 'Filer/ Non-Filer' status of the principal shareholder as well as the status of the joint holder(s) based on their shareholding proportions. Members that hold shares with joint shareholders are requested to provide the shareholding proportions of the principal shareholder and the joint holder(s) in respect of shares held by them to our Share Registrars, M/s. FAMCO Associates (Private) Limited, in writing. In case the required information is not provided to our Registrars it will be assumed that the shares are held in equal proportion by the principal shareholder and the joint holder(s).

#### 8. Electronic transmission of Annual Report 2021

The financial statements of the Company for the year ended 31 December 2021 along with reports have been placed on the website of the Company. The Annual Report of the Company for 2021 shall also be electronically available on PUCARS system of Pakistan Stock Exchange Limited and the Company's website under section of Shareholders Information. Additionally, in the interest of shareholders who had previously provided their valid email addresses, arrangements have been made to send 2021's Annual Report to such shareholders through email.

# 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](http://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 to be confirmed by reporting 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 2,507 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%
Companies and corporations	597,036 shares	=	1.03%
Individual and others	3,352,081 shares	=	5.78%
Total	57,964,201 shares	=	100.00%

## 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.

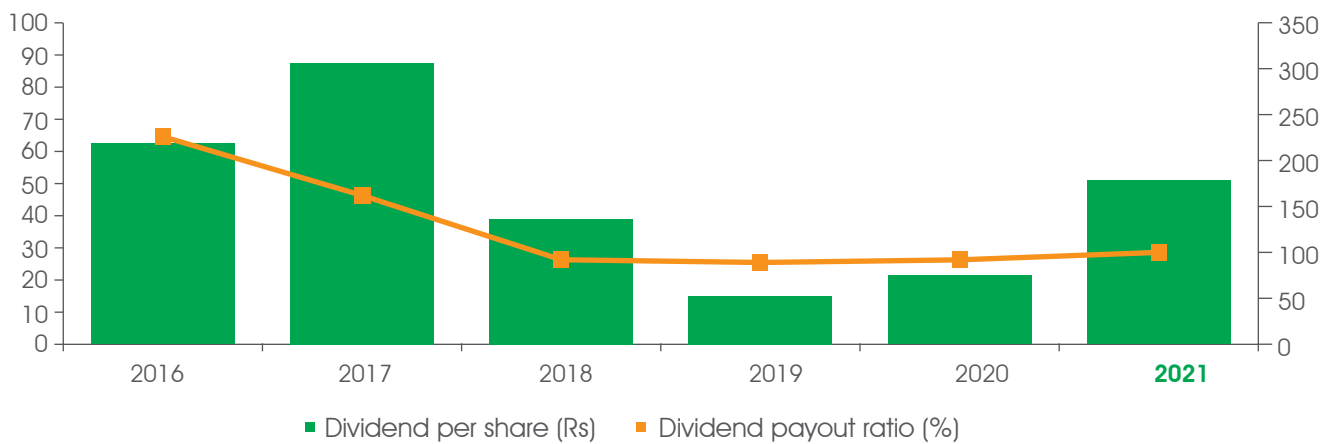
AGTL's equity now stands at Rs. 3,973.27 million. The Company's five-rupee share is without any doubt the top stock of the Auto and Industrial Engineering sector of Pakistan.

## DIVIDEND PAYMENTS DURING THE YEAR

During the year, final dividend of Rs. 21.39 per share i.e. 427.80% for the financial year ended 31 December 2020 was declared and paid to the shareholders.

## ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held at Karachi as well as through audio-link arrangement, on Tuesday 17th May 2022 at 04:00 p.m.



## 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

2021 Annual Financial Results	April 12, 2022
2021 Annual General Meeting	May 17, 2022
Book Closure dates for 2021	May 11, 2022 to May 17, 2022
2022 1st Quarterly Results	May 17, 2022
2022 2nd Quarterly Results	August 16, 2022
2022 3rd Quarterly Results	October 27, 2022
2022 Annual Financial Results	March 16, 2023

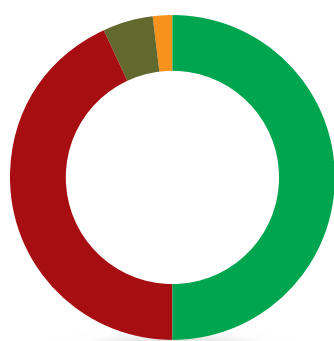
Dates are subject to change.

# Shareholding Information

As at December 31, 2021

S.NO.	Shareholders Category	No. of Shareholder	No. of Shareholders	Percentage
1	Directors, Chief Executive Officer, and their spouse and minor children	1	1,000	0.000
2	Associated Companies, Undertakings and related Parties	2	54,015,084	93.187
3	NIT and ICP		-	-
4	Banks, Development Financial Institutions, Non-Banking Financial Institutions	5	334,149	0.58
5	Insurance Companies	5	262,212	0.45
6	Modarabas and Mutual Funds	1	675	0.00
7	General Public: a. Local b. Foreign	2,453	2,943,944	5.08
8	Others	40	407,137	0.70
Total		2,507	57,964,201	100

**Shareholders holding 10% or more voting interest:** 2 54,015,084 93.19 %



● AI-Futtaim industries Company LLC	50.02%
● CNH Industrial N.V.	43.17%
● Individuals	5.08%
● Banks, Insurance Companies, Modaraba Companies, Mutual Fund & Other	1.73%

# Pattern of Shareholding

As at December 31, 2021

No. of Shareholders	Shareholding		Shares Held
	From	To	
942	1	100	39,701
729	101	500	209,784
337	501	1000	265,068
375	1001	5000	800,443
61	5001	10000	444,590
22	10001	15000	279,873
12	15001	20000	195,835
6	20001	25000	137,018
7	25001	30000	189,482
2	30001	35000	67,349
3	40001	45000	130,187
2	45001	50000	100,000
1	60001	65000	60,450
1	65001	70000	68,290
1	85001	90000	90,000
1	100001	105000	100,785
1	165001	170000	166,362
1	270001	275000	273,400
1	330001	335000	330,500
1	25020001	25025000	25,022,379
1	28990001	28995000	28,992,705
<u>2,507</u>			<u>57,964,201</u>

## Categories of Shareholders

Sr. No.	Categories of Share holders	Number of Shareholders	Shares Held	Percentage
1	Individuals	538	311,345	0.54%
2	Associated Companies	2	54,015,084	93.19%
3	Others	10	24,161	0.04%
4	Central Depository Company (b)	1957	3,613,611	6.23%
		<u>2507</u>	<u>57,964,201.0</u>	<u>100.00%</u>

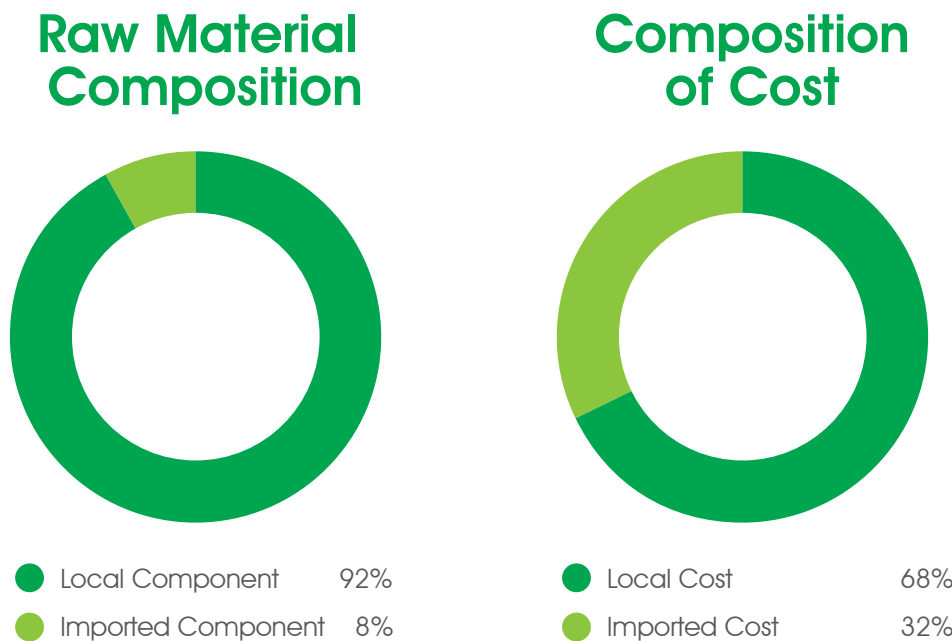
(b) Categories of Account holders and Sub-Account holders as per Central Depository Company of Pakistan as at December 31, 2021

Sr. No.	Categories of Share holders	Number of Shareholders	Shares Held	Percentage
1	Individuals	1916	2,633,599	72.88%
2	Insurance Companies	5	262,212	7.26%
3	Joint Stock Companies	24	35,701	0.99%
4	Financial Institutions	3	332,350	9.20%
5	Modaraba Companies	1	675	0.02%
6	Others	8	349,074	9.66%
		<u>1957</u>	<u>3,613,611</u>	<u>100.00%</u>

# 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 a considerable increase in local and imported metal prices owing to drastic rupee devaluation, the gross margins remained under extraordinary pressure during the past few years.



## Sensitivity Analysis:

Management of the Company closely monitors exchange rate fluctuations and takes necessary action to mitigate the risks associated with such fluctuations. During the year exchange rate increased by around 11%, however raw material cost stood up by an estimated 23%. Worldwide inflation in metal prices significantly contributed to the increase in raw material cost.

# Major Capital Projects

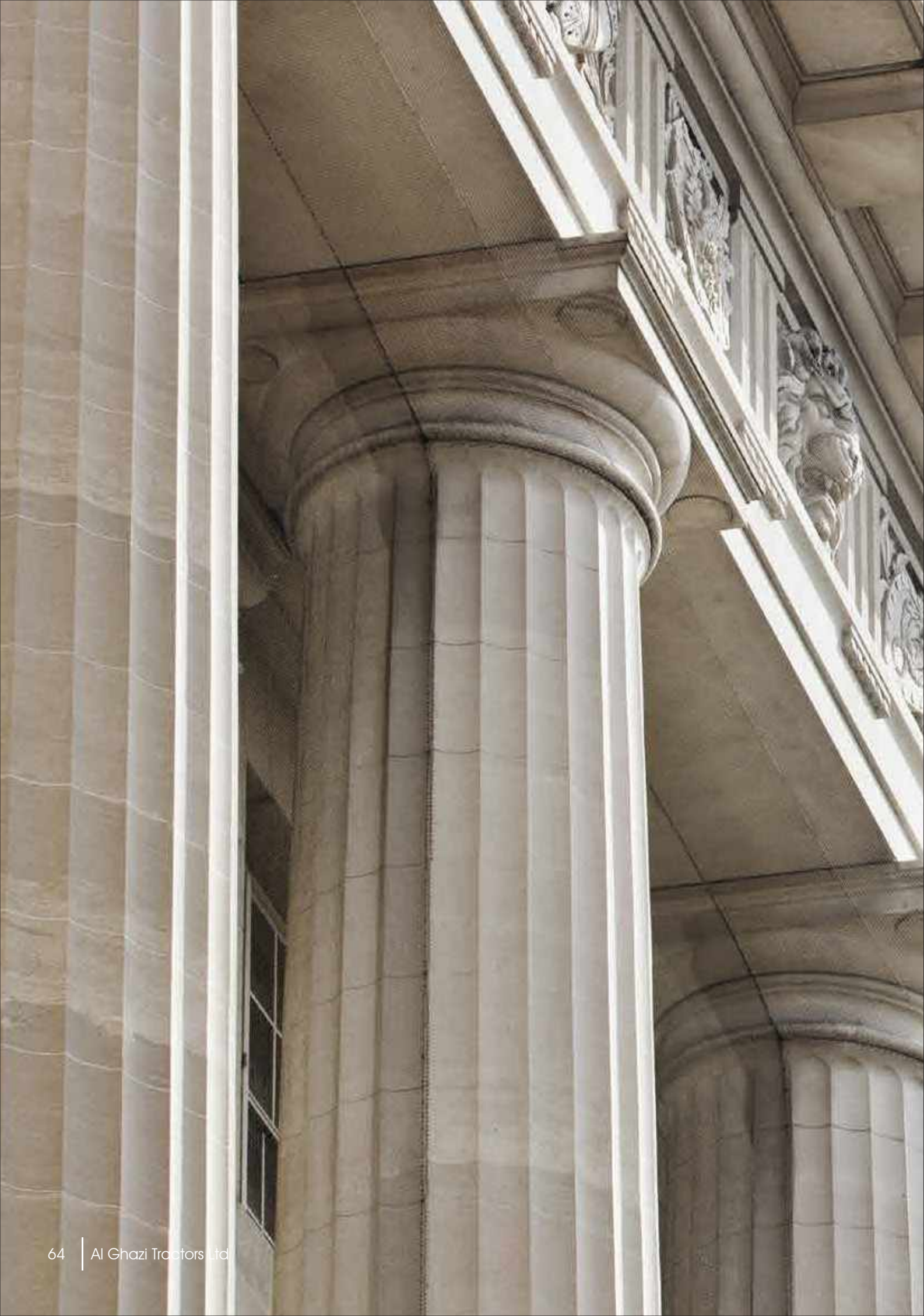
AGTL has a systematic procedure for evaluating the requirements of capital expenditure. The capital expenditure is primarily focused on capacity expansion, safety, and sustainability for the continued production of premium products while focusing on energy conservation and environmental protection. Exhaustive financial evaluation is also carried out which includes the payback period, NPV/IRR, cash flow requirements, and other financial analysis techniques.

Taking a long-term view, the Company has undertaken various projects like:

- Quality Assurance Lab
- Component Storage sheds
- Offline shed
- Installation of fuel tanks, Dynamometer (engine speed testing tool)
- Construction of washrooms for staff & workers and other facilitation projects to name a few with a major focus on product development, quality enhancement, and staff wellbeing.

All major capital expenditures/projects undertaken during the year were in line with the Company's strategic objective of facility enhancement adding value to the Company's processes and operations while contributing towards the effectiveness and efficiency of tractor production leading to expansion and growth in business. Major capital expenditures and projects planned for next years are to meet the objectives of growth led by focusing on core business as well through market penetration.







# Governance

# 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 2019.

## **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 and recommended 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 2021 are set out below:

Key focus areas of the Board during the year 2021 included:

- Overseeing management's performance in strategy implementation in the environment of a pandemic, and monitoring the financial position of the Company including approval of the financial statements
- Reviewing business operations and development plans including budgets
- 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, addressing 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, during the year ended 31 December, 2021, out of the ten Directors, only the CEO, Mr. Raheel Asghar and the CFO, Mr. Malik Ehtisham Ikram were executive directors. To reinforce this belief, the Board is chaired by a non-Executive Chairman.

The Company, had inducted a female director on its board.

The appointed independent directors had provided declaration of independence as per the criteria defined in the Companies Act 2017 to the Chairman of the Board, in accordance with the requirements of Code of Corporate Governance (CCG) Regulations.

## BOARD COMMITTEES

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

The above Board Committees are chaired by non-executive directors only. The directors, who are not members of any of the said Committees may attend their meetings by invitation. Each committee operates under a written specific charter approved by the Board.

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

The Composition of above mentioned committees, as on December 31, 2021, were as follows:

Name of Directors	Nature of Directorship	Audit Committee	Human Resource and Remunerations Committee
Mr. Bernd Erich Schwendtke	Non-Executive	Member	Member
Mr. Raheel Asghar	Executive		Member
Mr. Ramesh Narasimhan	Non-Executive	Member	Member
Mr. Malik Ehtisham Ikram	Executive		Member
Ms. Farah Qureshi	Non-Executive/Independent	Member	Member
Mr. Shahid Shahbaz Toor	Non-Executive/Independent		
Mr. Andrea Trabacchin	Non-Executive	Member	Member
Mr. Vincent Delassagne	Non-Executive		
Mr. Matthieu Sejourne	Non-Executive		

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 Board members comprise of business leaders, professionals with financial audit, accounting, human resource backgrounds and engineers.

## 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 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 of the meetings of the Board are circulated among its members.

The attendance of directors at the meetings of the Board and of the Committees held during the year ended December 31, 2021 was as follows:

Directors	Board Meetings		Audit Committee Meetings	
	Eligible To Attend	Attended	Eligible To Attend	Attended
Mr. Bernd E. Schwendtke	7	7	5	5
Mr. Richard Kassaby	1	0	0	0
Mr. Raheel Asghar	7	7	0	0
Mr. Malik Ehtisham Ikram	7	7	0	0
Ms. Farah Qureshi	7	7	5	5
Mr. Andrea Trabacchin	7	7	5	4
Mr. Vincent Delassagne	7	7	0	0
Mr. Matthieu Sejourne	7	7	0	0
Mr. Shehzad Naqvi	4	4	3	3
Mr. Shahid Shahbaz Toor	6	6	0	0
Mr. Sakib Eltaff	5	5	4	4
Mr. Ramesh Narasimhan	1	1	0	0

No meeting of Human Resource & Remuneration Committee was held during the year under review.

### 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.

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 is always appointed from amongst the non-executive directors. 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 cooperation.

#### Duties of the Chairman of the Board 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, to chair the meetings of the Board and meetings of the shareholders in accordance with the 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 Chief Executive Officer (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 organization.
- 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'S PERFORMANCE ITS MEMBERS AND 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 Committee, 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 & 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 CCG 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 2021.

#### **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. According to the policy, only independent directors are 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, 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 numerous awards consistently bestowed by ICAP/ICMAP, MAP, etc.

#### **DIVERSITY POLICY**

AGTL strives for being an equal opportunity employer, free from any discrimination whatsoever due to gender, caste, creed, religion, 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 employee 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 alongwith other related parties related disclosures.

The Company has a policy of compliance with corporate laws and regulations regarding related party transactions. All such transactions along with relevant information were placed before Audit Committee 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 laws 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 2021.

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.

### **Issues raised at last AGM**

The Company's AGM was held on June 15, 2021. The following were approved by the shareholders:

- Financial statements for the year ended December 31, 2020
- Declaration of final dividend for the year ended December 31, 2020
- Appointment of M/s. A. F. Ferguson & Co., Chartered Accountants, as external auditors

For above-stated shareholders' approvals, related implementation was timely completed by the Company.

During the AGM held on June 15, 2021 the shareholders asked general queries related to agricultural sector and tractor industry which were appropriately responded by the directors present in the meeting. No significant matter was raised at the AGM.

### **Presence of the chairperson of the Audit Committee at AGM**

The Chairperson of the Audit Committee was also present at the AGM of the Company held on June 15, 2021 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 sends notice of its general meetings to all shareholders in addition to these notices 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 (L.L.C.) and CNH Industrial 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 program 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 2021.

### **BUSINESS CONTINUITY /DISASTER RECOVERY PLAN AND REVIEW BY THE BOARD**

The Company places paramount importance on ensuring 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. However, keeping in view the new business requirement and competencies required to compete with the new business challenges, AGTL management has decided to implement a new state-of-the-art ERP.

### **ANALYST BRIEFING:**

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





**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, 2019**

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Al-Ghazi Tractors Limited (the Company) for the year ended December 31, 2021 in accordance with the requirements of regulation 36 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. 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.

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, 2021.

**Chartered Accountants  
Karachi**

**Dated: April 21, 2022**

**UDIN: CR202110073fcU86MiQA**

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network  
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■ KARACHI ■ LAHORE ■ ISLAMABAD

# Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019 For the year ended December 31, 2021

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

1. The total number of directors are 9 as per the following:

- |    |         |   |
|----|---------|---|
| a. | Male:   | 8 |
| b. | Female: | 1 |

2. The composition of Board as at the year-end is as follows:

Category	Names
a) Independent Directors*	Ms. Farah Qureshi Mr. Shahid Shahbaz Toor
b) Non-Executive Directors	Mr. Bernd Erich Schwendtke Mr. Ramesh Narasimhan Mr. Vincent De Lassagne Mr. Matthieu Séjourné Mr. Andrea Trabacchin
c) Executive Directors	Mr. Raheel Asghar Mr. Malik Ehtisham Ikram

\*The Board was reconstituted on March 3, 2021 for a term of three years with three independent directors elected out of total number of 10 directors. For the purpose of rounding up of fraction, the Company did not round up the fraction as the Board determined that composition is adequate. On September 15, 2021 one independent director resigned and such casual vacancy is not yet filled as per the requirement of section 155 of the Act, for which directors are considering appointing an appropriate independent director.

- The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company.
- 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.
- 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.
- 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 Companies Act, 2017 (the Act) and the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations).
- 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. With a few exceptions, the Board has complied with the requirements of the Act and the Regulations pertaining to frequency, recording and circulating minutes of meeting of Board.
- The Board of Directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and the Regulations.
- All the directors on the Board are fully conversant with their duties and responsibilities as directors of corporate bodies.
- The Board has approved appointment of Chief Financial Officer (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.
- Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board;

12. The Board has approved formation of Audit Committee and Human Resource and Remuneration Committee. The composition of the said committees as at December 31, 2021 is as follows:

**a) Audit Committee**

- Ms. Farah Qureshi (Chairperson)
- Mr. Bernd Erich Schwendtke
- Mr. Ramesh Narasimhan
- Mr. Andrea Trabacchin

**b) HR and Remuneration Committee**

- Mr. Bernd Erich Schwendtke (Chairman)
- Mr. Ramesh Narasimhan
- Mr. Andrea Trabacchin
- Ms. Farah Qureshi
- Mr. Raheel Asghar
- Mr. Malik Ehtisham Ikram

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 (quarterly/half yearly/ yearly) of the committee were as per following:

**Audit Committee**

Four quarterly meetings and an additional meeting held during the year

**HR and Remuneration Committee**

No meeting held during the year

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 Institute of Chartered Accountants of Pakistan (ICAP) and they are registered with Audit Oversight Board of Pakistan. They have further confirmed 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 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, the 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 requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with; and

19. Explanation for non-compliance with requirements, other than those of regulations 3, 6, 7, 8, 27, 32, 33 and 36, are provided below:

S. No.	Requirement	Explanation	Reg. No.
1	A formal and effective mechanism is put in place for an annual evaluation of the Board's own performance, members of the Board and of its committees.	The annual evaluation, as provided in the Regulations, will be carried out subsequent to the year end after the completion of the first year of the 3 years' term of the current Board.	10 (3)
2	The Chairman of the Board shall, at the beginning of term of each Director, issue letter to Directors setting out their role, obligations, powers and responsibilities in accordance with the Act.	The Chairman discussed the Board's role under the Regulations, during the meetings upon commencement of the term of new Board and upon filling of casual vacancies.	10 (5)

S. No.	Requirement	Explanation	Reg. No.
3	All companies shall make appropriate arrangements to carry out orientation for their directors to acquaint them with these Regulations, applicable laws, their duties and responsibilities to enable them to effectively govern the affairs of the listed company for and on behalf of shareholders.	All the directors are highly qualified and experienced.	18
4	The chairman of the Human Resource and Remuneration Committee shall be an independent director.	In view of extensive experience of Mr. Bernd Erich Schwendfke in HR related matters, he had been appointed as Chairman of Human Resources and Remuneration Committee.	28 (2)
5	The Human Resource and Remuneration Committee shall meet at least once in a financial year and may meet more often if requested by a member of the Board, or committee itself or the chief executive officer.	No meeting of Human Resources and Remuneration Committee was held during the year since many of the critical matters pertaining to the said Committee were taken up by the Board itself.	28 (3)
6	The Board may constitute a separate committee, designated as the nomination committee, of such number and class of Directors, as it may deem appropriate in its circumstances.	The responsibilities prescribed for the Nomination Committee are being taken care of at Board level.	29
7	The Board may constitute the Risk Management Committee, of such number and class of Directors, as it may deem appropriate in its circumstances, to carry out a review of effectiveness of risk management procedures and present a report to the Board.	The Board has tasked the Audit Committee to oversee Risk Management related matters of the Company.	30
8	The Company may post on its website key elements of its significant policies including but not limited to the following: I. Communication and disclosure policy II. Code of conduct for members of Board of Directors senior management and other employees III. Risk management policy IV. Internal control policy V. Whistle blowing policy VI. Corporate social responsibility / sustainability / environmental, social and governance related policy	As the Regulation provides concession with respect to disclosure of significant policies on the website, only key elements of relevant policies are available on the Company's website.	35



**ROBERT MCALLISTER**  
Chairman of the Board

Date: 12 April 2022

## Statement of Adherence with the International Integrated Reporting Framework

This annual report (report) of Al-Ghazi Tractors Limited has been prepared in accordance with the guidelines of the International Integrated Reporting (IR) framework. 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 considered 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 has included following content elements for the users of this report:

- Organizational overview and external environment
- Messages for Stakeholders
- Governance
- Strategies, Risks and opportunities
- Performance Analysis
- Sustainability and corporate social responsibility
- Financial Statements
- other Information

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.



**Malik Ehtisham Ikram**  
Acting Chief Executive Officer

Karachi: 12th April 2022

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

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 2.1.3 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 do not have any material impact to the financial statements.



**Malik Ehtisham Ikram**  
Acting Chief Executive Officer

Karachi: 12th April 2022

# Internal Audit

The Company has its own in-house Internal Audit Department which is headed by a Chartered Certified 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 as under:

- \* Ms. Farah Qureshi – Chairperson
- \* Mr. Bernd Erich Schwendtke
- \* Mr. Ramesh Narasimhan
- \* Mr. Andrea Trabacchin

The Chief Internal Auditor 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 2021

The Audit Committee met five times during the year. The attendance of the members at these meetings is stated in the table on page 68 of the Annual Report. The Chief Financial Officer and the Chief Internal Auditor attended all meetings.

## 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, 2021 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, 2021, which present fairly the state of affairs, results of operations, profits, cash flows, and changes in equity of the Company.
- The Acting Chief Executive Officer/Chief Financial Officer has reviewed the financial statements of the Company. He acknowledges his 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 Audit Committee also includes detailed consideration of related matters and issues which were dealt in accordance with applicable accounting and reporting standards. Contents of External Audit Report for the financial year 2021 are in accordance with applicable Regulations in Pakistan. The auditors have issued unmodified audit report in respect of the financial statements for the said financial year.

- 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, their 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 whistleblowing 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 2021 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, stakeholder's information and corporate governance.

#### **Internal Audit**

- The Board has effectively implemented the internal control framework through the Chief Internal Auditor who is a qualified Certified 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, 2021 and shall retire on conclusion of 39th 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 2022. A resolution to this effect has been proposed at the forthcoming Annual General Meeting.

### **Performance of 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.



**Ms. Farah Qureshi**  
Chairperson, Audit Committee  
12th April 2022

# 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 APPRAISALS

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 compliant with the Protection Against Harassment of Women at Workplace, Act 2010. No instances of harassment were reported during the year 2021.



# Report of the Human Resource and Remuneration Committee

## Composition

The Committee is appointed by the Board and at the end of the year under review, comprised of six Directors, as under:

* Mr. Bernd Erich Schwendtke	Chairman & Non-Executive Director
* Ms. Farah Qureshi	Independent Director
* Mr. Ramesh Narasimhan	Non-Executive Director
* Mr. Andrea Trabacchin	Non-Executive Director
* Mr. Raheel Asghar	Executive Director & Chief Executive Officer
* Mr. Malik Ehtisham Ikram	Executive Director & Chief Financial Officer

The Secretary of the Board functions as the Secretary to the Committee.

## Terms of Reference

The terms of reference of the Committee are clearly defined in the Charter of the Committee, salient features of which are stated below:

Salient Terms of Reference of the Committee are as follows:

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

## Meetings during 2021

No meeting of the Committee was held during the year as the Board of Directors itself took up many human resource-related matters at its various meetings.



**FARAH QURESHI**

Member, Human Resource  
and Remuneration Committee  
12th April 2022

# 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 Power Servers, CISCO Routers, 3COM and HP Switches and Printronix/HP Printers. Al-Ghazi Tractors also has its website [www.alghazitractors.com](http://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 Planning

## Enterprise Resource Planning System

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

Keeping in view the new business requirement and competencies required to compete with the new business challenges, AGTL management has decided to implement a new state-of-the-art ERP.

Further, the management has started upgrading the infrastructure with modern technology. We are providing new and powerful Desktop / Laptop computers to our users. Also we are implementing Office 365 to work in a smart manner.

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.

A close-up photograph of a hand pulling a wooden block from a tall, precarious tower of Jenga blocks. The tower is made of light-colored wooden blocks stacked in a staggered pattern. The hand is positioned on the right side of the frame, with fingers gripping the block. The background is a blurred indoor setting with a window showing a view of trees and a building. The overall lighting is warm and soft.

# Strategies, Risks and Opportunities

# Risks and Opportunities

## Risks

To achieve an informed understanding of our tolerance for risks when delivering our overall business plan, we must be mindful that the objective of risk management is not necessarily to eliminate risk but to ensure that the risks we do accept remain within a predetermined level of acceptability and control while pursuing value-enhancing opportunities. The ultimate goal of risk management within AGTL is to continually assess the control environment to prevent and build resilience against any internal or external shocks, both anticipated and unforeseen.

Within the automotive industry, uncertainties stem from various sources including changes in the economy, technology, government regulations, relative prices, and market dynamics.

Following are the major risks that may affect our business operations and mitigating strategies for controlling these risks.

Financial Capital (External Source)				
Risk	Risk level / Impact	Likelihood	Risk Description	Mitigation Strategy
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.
Working Capital Management	Moderate/ Moderate	Moderate	Any increase in raw material cost or increase in the volume of raw material stock or debts may limit the avenues for availability of sufficient working capital.	Management has addressed the risk of shortage of working capital by availing the sufficient credit lines from different Banks in order to meet the short-term requirements of the Company.
Human Capital (Internal Source)				
Risk	Risk level / Impact	Likelihood	Risk Description	Mitigation Strategy
High Employee turnover	Moderate/ Moderate	Moderate	Key employees and workers may leave the Company causing a lack of a 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, staff development, and management succession.

Manufactured Capital (External Source)				
Risk	Risk level / Impact	Likelihood	Risk Description	Mitigation Strategy
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 backup servers to recover data in case of any disaster.  Further, the Company has a 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 has adequate processes and procedures in place for identifying potential gaps in the external environment which, if the Company has adequate resource, may be exploited as opportunities to improve performance.

Based on detailed analysis, we have identified various opportunities in the current economic landscape along with the strategy to maximize benefits from it:

Opportunities				
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 the 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 a continuous process to upgrade the plant with efficient machinery which will enable the company to minimize the production cost.  Quality Assurance lab and Store sheds are some major projects under this strategy.
Diversification	Manufactured Capital	Internal	A potential market for generators, lube oil and spare parts exist.	The Company is inclined to diversify in the related fields and is committed to searching 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 an 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 principle 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 an adequate capital structure. Any deficiencies identified in the capital structure are aggressively addressed and mitigated accordingly

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.




## 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 of the business and profitability of the Company. Materiality levels are reviewed periodically and are appropriately updated.



# 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 effect on the company are discussed below:

FACTORS			
	<b>Political</b>	<b>Economic</b>	<b>Social</b>
DESCRIPTION	<p>Political turbulence and law and order situation of the country generally impacts organizations negatively</p>	<p>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.</p>	<p>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.</p>
SIGNIFICANT CHANGES FROM LAST YEAR	<p>Unstable political environment with the running government facing challenges on various fronts. Inconsistent policies</p>	<p>Limited farmers' subsidies by Govt. Halt of economic activities due to COVID-19 Rupee devaluation Increased inflation rate Recovery in Trade deficit</p>	<p>Rising customer emphasis on aesthetics, luxury and comfort. Rapid urbanization of rural regions due to increased access of technology</p>
ORGANIZATIONAL RESPONSE	<p>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.</p>	<p>AGTL set out appropriate actions to address the changes in its business economic environment through efficient working capital management. However, decline in overall economic conditions in general and farmers economic wealth in particular may pose an adverse effect on the company's performance.</p>	<p>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.</p>



### 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 changes in: Companies Act 2017 Finance Act, 2018 AS and 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 to 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).

# Strategies Objectives

Overall corporate and strategic objectives of AGTL is to become the leading Company in the tractor industry by continuously improving the quality of our tractors and hence enhancing profitability and return to shareholders.

## Short Term Objective

Our short-term objective is to demonstrate a comprehensive product range that interests all the needs of farmers.

## 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 sustain growth in the tractor business through continuous product quality improvement and achievement of the highest level of customer satisfaction.

## 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 the highest possible returns. The targets are backed by seriously thought-out strategies coupled with ownership of all stakeholders and management's commitment to ensure the 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 a paramount focus on the 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 and improvements are regularly incorporated in the tractor's parts and production processes.

For the achievement of quality objectives, a number of initiatives were introduced including the construction of a Quality Assurance lab, construction of a 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, training, 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 a 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 raw material cost, the Company is constantly focusing on consolidation, elevation, and enhanced engagement with the component vendors to bring economies of scale while improving the Company's profitability.

# Resource Allocation Plan

Significant resources of the Company comprise of but are 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 increasing revenue and its 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 improving product quality at both incoming and assembly stages.



### Financial Capital

The Company currently has a strong financial base with a capital structure comprised of Rs.289.8 million share capital representing 57.9 million ordinary shares of Rs.5/- each with a market capitalization of over 19 billion.

Due to the substantial amount received from customers in the form of advances bookings in last quarter, the company stood at a positive cash position of PKR 1.9 billion.

The Company has also allocated a 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 are 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 functions across the Company, facilitating greater efficiency and effectiveness of all processes and controls.



### Social and relationship capital

AGTL values the stakeholders, customers, employees, and 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 jobs for local skilled and unskilled manpower.

## Significant Changes in Objectives and Strategies from Previous Period

There are no major changes in the organizational overview. The Company remains well poised to capture market opportunities and meet the expectations of customers by providing best value product to them.

## 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

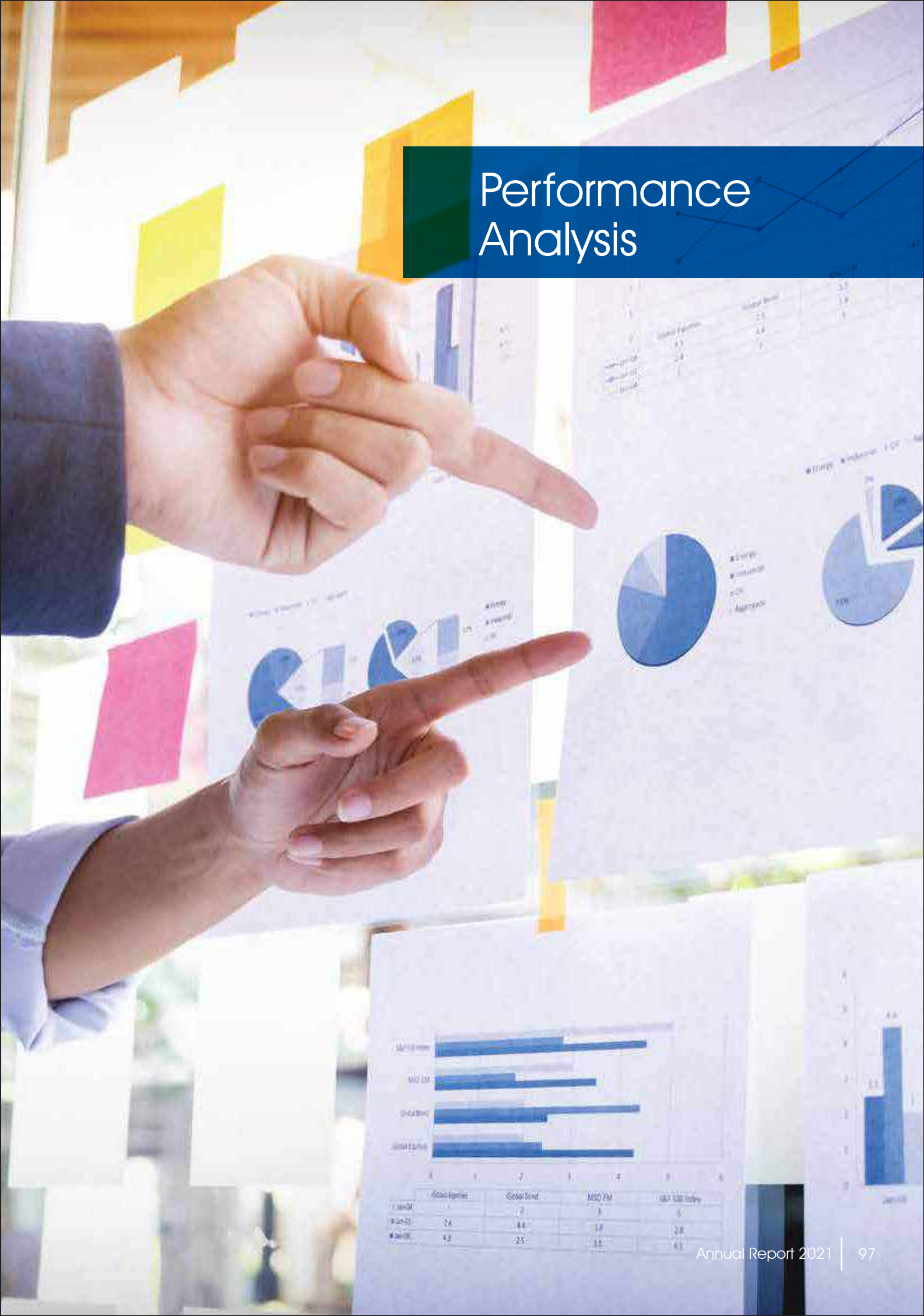
The management of the Company has years of experience in liquidity management. Management always strives to maintain a strong liquidity position to ensure the availability of sufficient working capital besides identification and mitigation of cash flow risks.

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 is also carried out to maintain an optimum working capital cycle.

## 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 needs of operations will be addressed when necessitated by circumstances.

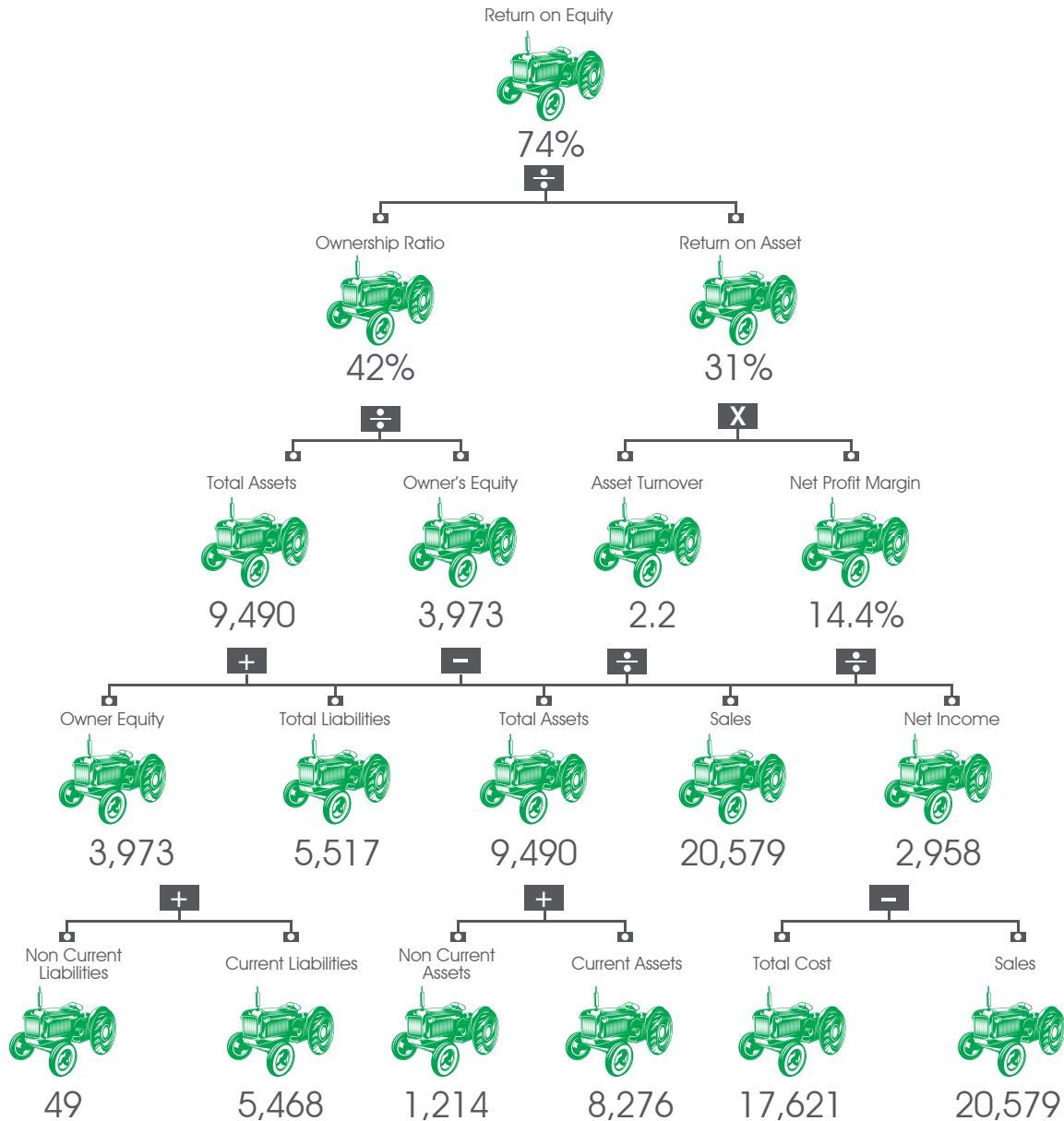
# Performance Analysis



# Key Operating and Financial Data

	2021	2020	2019	2018	2017	2016
<b>Quantitative Data</b>						
Units:						
Sales	18,156	12,142	15,719	23,933	24,423	16,206
Production	17,120	12,654	15,400	24,823	24,091	16,005
<b>Profitability</b>						
	(Rupees in '000)					
Revenue	20,578,906	11,935,172	13,992,388	19,372,522	18,871,448	12,098,828
Gross profit	4,721,228	2,766,012	2,544,716	4,665,484	5,259,738	3,348,741
Depreciation	84,846	81,512	80,836	70,061	59,042	58,112
Operating Profit (before investment income)	4,078,670	1,887,289	1,330,943	3,705,802	4,476,958	2,752,486
Investment income	91,060	40,618	17,581	29,033	108,055	125,039
Profit before taxation	4,169,730	1,927,907	1,348,524	3,734,835	4,585,013	2,877,525
Income tax expense	1,211,868	578,250	370,872	1,282,321	1,461,893	950,641
Profit for the year	2,957,862	1,349,657	977,652	2,452,514	3,123,120	1,926,884
Earnings before investment income, tax and depreciation (EBITDA)	4,163,516	1,968,801	1,411,779	3,775,863	4,536,000	2810598
Manpower Cost - Direct	397,871	302,194	345,368	375,240	336,868	266,484
Manpower Cost - Indirect	263,703	283,646	287,773	303,572	236,217	217,209
Total Manpower Cost	661,574	585,840	633,141	678,812	573,085	483,693
<b>Financial position</b>						
Fixed assets	1,108,805	1,066,974	1,068,382	828,804	714,732	649,897
Other non-current assets	11,334	4,941	4,757	4,696	4,660	5,818
Employee benefit prepayments	8,481	36,197	-	-	-	-
Deferred tax asset	85,553	111,756	87,090	-	-	-
	1,214,173	1,219,868	1,160,229	833,500	719,392	655,715
Current assets	8,275,942	3,963,576	4,315,154	5,951,957	5,161,939	3,988,601
Current liabilities	5,467,934	2,849,239	4,442,078	5,299,961	3,670,255	1,202,327
Net working capital	2,808,008	1,114,337	(126,924)	651,996	1,491,684	2,786,274
Less: Non-current liabilities	48,914	46,083	129,588	116,099	85,260	82,520
Capital employed	3,973,267	2,288,122	903,717	1,369,397	2,125,816	3,359,469
Represented by:						
Share capital	289,821	289,821	289,821	289,821	289,821	289,821
Reserves	-	1,049,000	-	-	1,000,000	1,000,000
Unappropriated profit	3,683,446	949,301	613,896	1,079,576	835,995	2,069,648
	3,973,267	2,288,122	903,717	1,369,397	2,125,816	3,359,469
<b>CASH FLOWS</b>						
Operating activities	4,630,496	2,125,302	1,936,798	(1,155,682)	3,827,376	3,239,509
Investing activities	(34,067)	(38,909)	(303,716)	(151,004)	10,187	986,817
Financing activities	(1,240,189)	(4,708)	(1,393,589)	(3,713,121)	(3,803,822)	(4,339,794)

# Dupont Analysis



## Comments on Dupont Analysis:

Return on Equity increased by 15% during the year i.e. from 59% in 2020 to 74% in 2021. This increase is mainly attributable to increase in total assets by Rs. 4,307 million and increase in Equity by Rs. 1,685 million coupled with increase in Return on assets by 5% as compared to last year.

Total assets increase was mainly attributable to increase in refunds due from government during the year, while accumulation of general reserves due to higher profit resulted in increase of equity.

Asset turnover decreased by 0.1 times while net profit margin increased by 3.1% as compared to last year mainly due to disproportionate increase in sales as compared to increase in total assets while net income increased by Rs. 1,608 million as compared to last year.

# Analysis of Financial and Non-Financial Performance

AGTL believes in the achievement of business objectives through both financial and non-financial factors. From financial indicators like Sales revenue, net profit, gearing, 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, the majority of the targets set by the Company were achieved.

## Financial Indicators

### Actual Results

The year 2021 has been better but still a challenging year due to the after-effects of the Covid-19 pandemic. The Company sold 18,156 tractors during the year 2021 as compared to 12,142 tractors sold in the year 2020. The increase in AGTL and industry volume was mainly due to GDP growth, lifting of COVID related restrictions, and government support initiatives.

Despite severe difficulties, the Company continued its efforts of engaging with customers and ensuring quality improvements and efficiencies. The Company was able to achieve after-tax profit of Rs 2,958 million translating into earnings per share (EPS) of Rs 51.03/-

The summarized operating performance of the Company for the current year as compared to last year is as follows:

	2021	2020
	(Rupees in '000)	
Revenue	20,578,906	11,935,172
Gross profit	4,721,228	2,766,012
Profit before taxation	4,169,730	1,927,907
Income tax expense	1,211,868	578,250
Profit for the year	2,957,862	1,349,657

Production and sales volumes for the years 2021 and 2020 are as follows:

	2021	2020
	Units	
Sales	18,156	12,142
Production	17,120	12,654

### Budget vs Actuals:

The Company has developed a system of budgeting that enables the preparation of a challenging yet achievable budget. The Company also performs forecasting at each quarter-end to reflect the current market situation and changes in assumptions, if any while projecting the rest of the period.

Achievement of the Company against budgeted revenue is as under:

Revenue	(Rupees in '000)
Budget (9+3F)	20,554
Actual	20,578

### Methods and Assumptions in Compiling Indicators

The Company has identified indicators that effectively reflect the Company's performance and profitability. The Company analyzes 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 action 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 systems based on ERP and dashboard reports to compute various KPIs.

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
<b>Manufactured Capital</b>	
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
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
<b>Human Capital</b>	
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
<b>Relationship Capital</b>	
Supplier relationship	Timely payment to vendors to enhance vendor confidence and reliance
Customer relationship	Providing exquisite after sales services and support services to enhance customer loyalty and trust worthiness

# Analysis of Financial Ratios

	2021	2020	2019	2018	2017	2016
<b>Profitability Ratios</b>						
Gross profit ratio	22.94%	23.18%	18.19%	24.08%	27.87%	27.68%
Pre-tax profit ratio	20.26%	16.15%	9.64%	19.28%	24.30%	23.78%
Net profit to Sales	14.37%	11.31%	6.99%	12.66%	16.55%	15.93%
EBITDA margin to sales	20.23%	16.50%	10.09%	19.49%	24.04%	23.23%
Operating Leverage ratio	1.54	-2.68	2.25	-6.31	1.10	1.55
Return on asset	31.17%	26.04%	17.86%	36.14%	53.10%	41.49%
Return on Equity / Capital employed	74.44%	58.99%	108.18%	179.09%	146.91%	57.36%
<b>Liquidity Ratios</b>						
Current Ratio	1.51	1.39	0.97	1.12	1.41	3.32
Quick Ratio	0.99	0.69	0.34	0.46	0.78	2.13
Cash to current liabilities	0.37	0.08	0.04	0.06	0.37	1.10
<b>Activity / Turnover Ratios</b>						
Inventory turnover ratio	6.50	3.83	3.64	5.05	7.37	4.89
Receivables turnover ratio	9,455	2,480	423	565	129	79
Creditors turnover ratio	18	28	26	22	22	18
Fixed assets turnover ratio	18.56	11.19	13.10	23.37	26.40	18.62
Total assets turnover ratio	2.17	2.30	2.56	2.86	3.21	2.61
<b>Operating Cycle</b>						
No. of days in inventory	56	95	100	72	50	75
No. of days in receivables	0	0	1	1	3	5
No. of days in payables	21	13	14	17	17	20
Operating Cycle	36	83	87	56	36	59
<b>Capital Structure Ratios</b>						
Financial leverage ratio	0.39	0.75	0.88	0.44	-	-
Weighted average cost of debt	0.00%	0.00%	10.87%	3.10%	-	-
Debt to equityt ratio (As per book value)	0.00	0.08	4.02	2.90	-	-
Debt to equityt ratio (As per market value)	0.00	0.00	0.07	0.12	-	-
Interest cover ratio	477.32	14.22	4.38	30.74	-	-
<b>Investment / Market ratios</b>						
Pre-Tax Earning per share ( Basic and diluted) - Rs	71.94	33.26	23.26	64.43	79.10	49.64
Post -Tax Earning per share ( Basic and diluted) - Rs	51.03	23.28	16.87	42.31	53.88	33.24
Price earnings ratio	6.60	15.95	21.79	12.90	11.41	17.15
Dividend yield ratio	15.14%	5.76%	4.08%	7.14%	14.24%	13.16%
Dividend ratio	6.60	17.37	24.50	14.00	7.02	7.60
Dividend payout ratio	100.00%	91.86%	88.93%	92.17%	162.40%	225.61%
Dividend cover	1.00	1.09	1.12	1.08	0.62	0.44
Dividend per share						
- Cash	51.03	21.39	15.00	39.00	87.50	62.50
- Bonus	-	-	-	-	-	-
Dividend payout - Rs ' 000	2,957,862	1,239,854	869,463	2,260,604	5,071,868	4,347,315
Cash dividend - %	1021%	428%	300%	780%	1750%	1500%
Market value per share - Rs						
- Closing	337.0	371.5	367.5	546.00	614.55	570.00
- High	408.0	418.8	564.0	775.31	784.04	718.89
- Low	320.1	210.2	232.0	490.04	525.00	378.78
Market capitalisation - Rs Million	19,534	21,531	21,302	31,648	35,622	33,039
Breakup value per share - Rs	68.55	39.47	15.59	23.62	36.67	57.96
Market price to break up value	4.92	9.41	23.57	23.11	16.76	9.83
Earning Yield ( %)	15.14%	6.27%	4.59%	7.75%	8.77%	5.83%

# Comments on Ratios

## **Profitability Ratios**

The Company's sound business performance is depicted through favorable profitability ratios over the years. With the improvement in economic activity and ease in COVID related restrictions and efficient management growth strategies, the company was able to improve significantly in sales volume which has resulted in healthy profitability ratios.

## **Liquidity and Turnover Ratios**

The liquidity position has improved substantially mainly due to efficient working capital management and improved collections from sales. However, the Company ensures that it has sufficient credit lines at its disposal to keep itself liquid and maintain its ability to pay its creditors and banks.

## **Market Ratios**

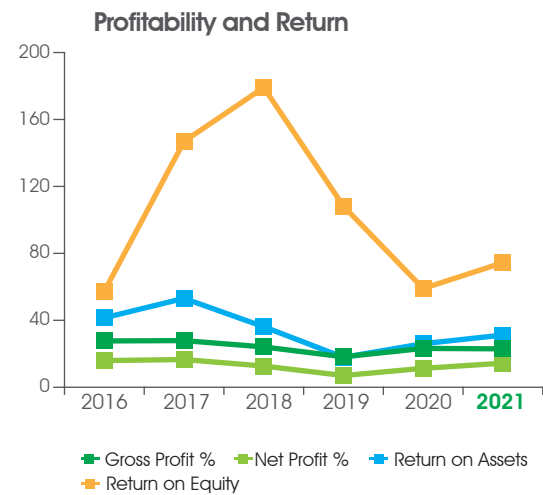
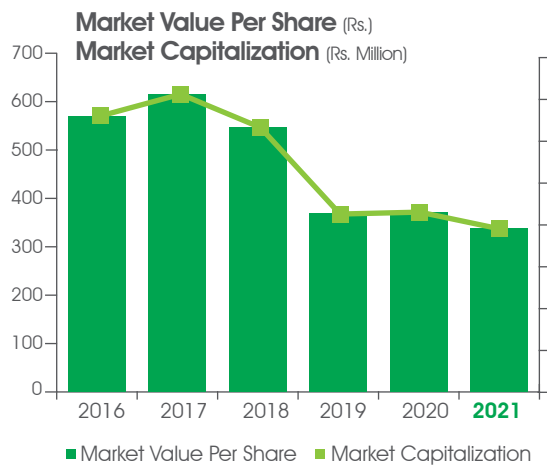
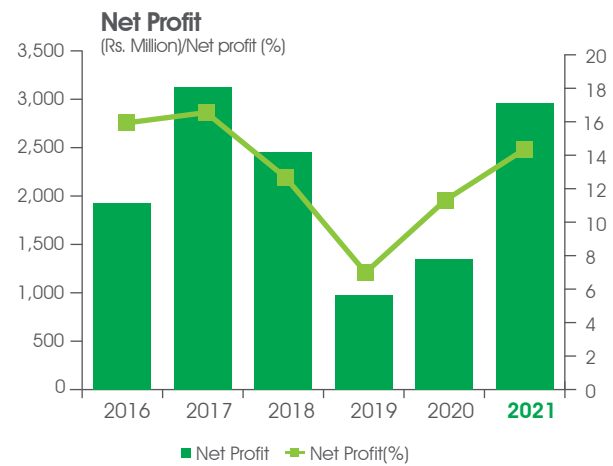
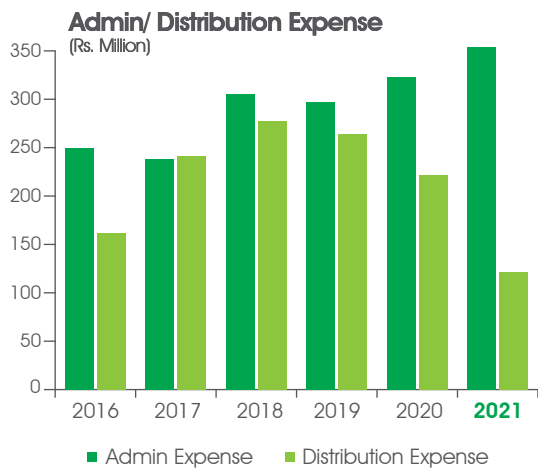
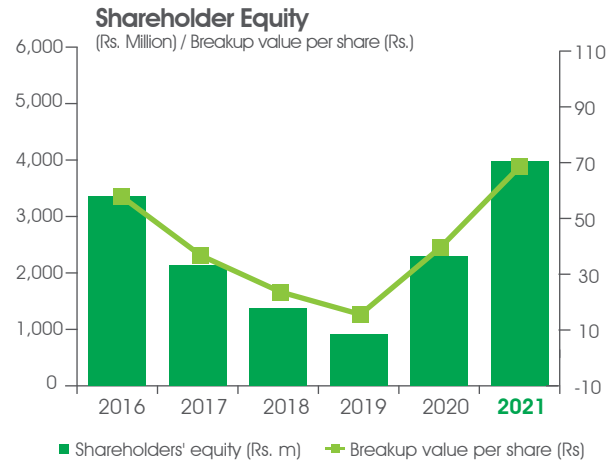
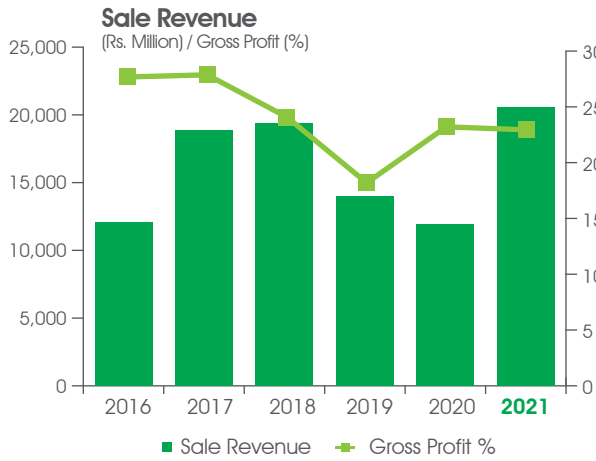
Market Ratios are the direct reflection of the performance of the Company. In the year 2021 market price per share and EPS increased from last year resulting from increased profitability owing to rigorous cost discipline, restricted price increase to vendors and other various turnaround strategies by management. AGTL has continuously maintained a dividend yield beyond the market norms in order to compensate its shareholders handsomely.

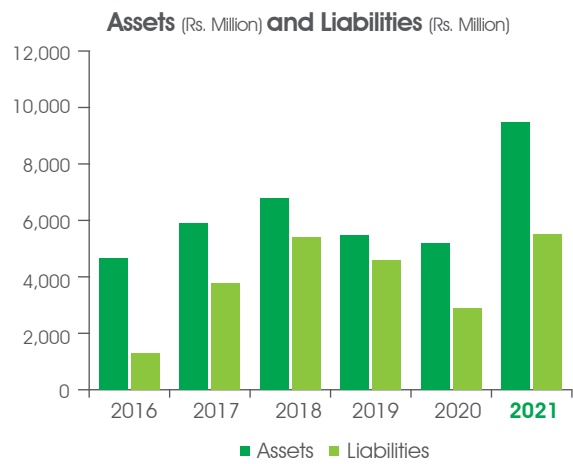
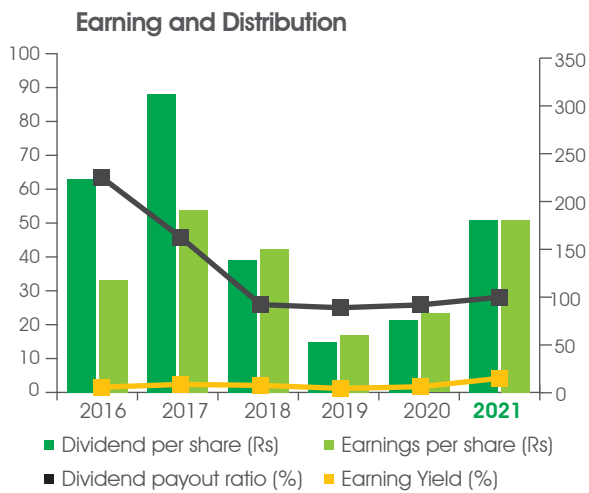
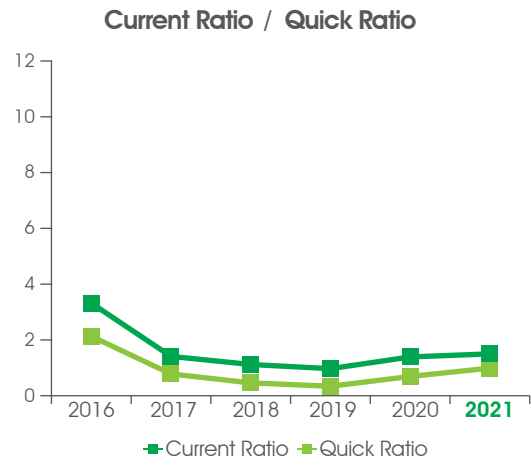
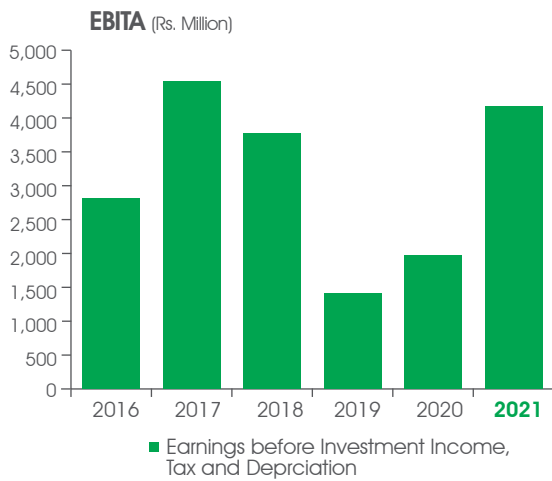
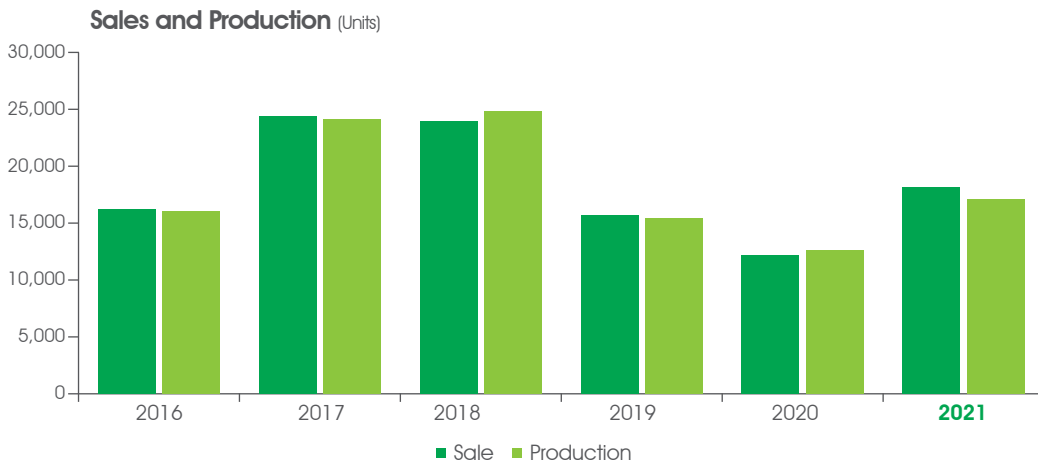
## **Capital Structure Ratios**

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 years 2015-2017 and long outstanding sales tax due from government resulted in utilization of Overdraft facility from banks in 2018.

Capital structure ratios improved in 2021 as compared to last year mainly due increase in equity owing to accumulation of retained earnings due to high profit earned in 2021.

# Graphical Analysis





# Six Years Horizontal Analysis

	2021	2020	2019	2018	2017	2016
	(Rupees in '000)					
<b>BALANCE SHEET</b>						
Fixed assets	1,108,805	1,066,974	1,068,382	828,804	714,732	649,897
Long-term investments	-	-	-	-	-	-
Long-term loans and deposits	11,334	4,941	4,757	4,696	4,660	5,818
Employee benefit prepayments	8,481	36,197	-	-	-	-
Deferred tax asset	85,553	111,756	87,090	-	-	-
Inventories	2,875,085	2,004,517	2,786,893	3,507,588	2,321,164	1,427,617
Trade receivables	4,651	-	9,624	56,606	12,023	279,759
Loan and advances	147,874	86,561	93,216	132,337	201,688	94,042
Trade deposits and short-term prepayments	114,772	24,925	7,398	43,305	11,871	6,119
Interest accrued	1,396	197	-	1	947	4,307
Other receivables	8,283	8,225	108,134	12,964	11,972	40,849
Taxation - payments less provision	142,313	157,786	347,462	108,040	40,075	-
Refunds due from the Government	2,983,446	1,450,847	773,334	1,797,206	1,221,688	819,138
Other financial assets	-	-	-	-	-	-
Cash and bank balances	1,998,122	230,518	189,093	293,910	1,340,511	1,316,770
<b>Total assets</b>	<b>9,490,115</b>	<b>5,183,444</b>	<b>5,475,383</b>	<b>6,785,457</b>	<b>5,881,331</b>	<b>4,644,316</b>
Current liabilities	5,467,934	2,849,239	4,442,078	5,299,961	3,670,255	1,202,327
Non-current liabilities	48,914	46,083	129,588	116,099	85,260	82,520
<b>Total liabilities</b>	<b>5,516,848</b>	<b>2,895,322</b>	<b>4,571,666</b>	<b>5,416,060</b>	<b>3,755,515</b>	<b>1,284,847</b>
<b>Capital employed</b>	<b>3,973,267</b>	<b>2,288,122</b>	<b>903,717</b>	<b>1,369,397</b>	<b>2,125,816</b>	<b>3,359,469</b>
Share capital	289,821	289,821	289,821	289,821	289,821	289,821
Reserves	3,683,446	1,998,301	613,896	1,079,576	1,835,995	3,069,648
<b>Capital employed</b>	<b>3,973,267</b>	<b>2,288,122</b>	<b>903,717</b>	<b>1,369,397</b>	<b>2,125,816</b>	<b>3,359,469</b>
<b>PROFIT OR LOSS ACCOUNT</b>						
Revenue	20,578,906	11,935,172	13,992,388	19,372,522	18,871,448	12,098,828
Cost of sales	15,857,678	9,169,160	11,447,672	14,707,038	13,611,710	8,750,087
<b>Gross profit</b>	<b>4,721,228</b>	<b>2,766,012</b>	<b>2,544,716</b>	<b>4,665,484</b>	<b>5,259,738</b>	<b>3,348,741</b>
Distribution expenses	120,631	221,904	263,946	276,950	240,830	162,088
Administrative expenses	353,849	322,675	296,763	305,425	237,798	250,336
	4,246,748	2,221,433	1,984,007	4,083,109	4,781,110	2,936,317
Other income	146,057	58,798	61,423	61,902	144,076	153,929
Other operating expenses	214,321	206,535	298,443	284,608	339,244	211,703
	4,178,484	2,073,696	1,746,987	3,860,403	4,585,942	2,878,543
Finance cost	8,754	145,789	398,463	125,568	929	1,018
<b>Profit before taxation</b>	<b>4,169,730</b>	<b>1,927,907</b>	<b>1,348,524</b>	<b>3,734,835</b>	<b>4,585,013</b>	<b>2,877,525</b>
Income tax expense	1,211,868	578,250	370,872	1,282,321	1,461,893	950,641
<b>Profit for the year</b>	<b>2,957,862</b>	<b>1,349,657</b>	<b>977,652</b>	<b>2,452,514</b>	<b>3,123,120</b>	<b>1,926,884</b>

# Six Years Horizontal Analysis

	2021	2020	2019	2018	2017	2016
	(Increase / (decrease) from preceeding year in Rupees in '000)					
<b>BALANCE SHEET</b>						
Fixed assets	41,831	(1,408)	239,578	114,072	64,835	37,689
Long-term investments	-	-	-	-	-	-
Long-term loans and deposits	6,393	184	61	36	(1,158)	2,905
Employee benefit prepayments	(27,716)	36,197	-	-	-	-
Deferred tax asset	(26,203)	24,666	87,090	-	-	-
Inventories	870,568	(782,376)	(720,695)	1,186,424	893,547	(721,757)
Trade receivables	4,651	(9,624)	(46,982)	44,583	(267,736)	252,000
Loan and advances	61,313	(6,655)	(39,121)	(69,351)	107,646	31,994
Trade deposits and short-term prepayments	89,847	17,527	(35,907)	31,434	5,752	(702)
Interest accrued	1,199	197	(1)	(946)	(3,360)	(56,807)
Other receivables	58	(99,909)	95,170	992	(28,877)	2,438
Taxation - payments less provision	(15,473)	(189,676)	239,422	67,965	40,075	(70,828)
Refunds due from the Government	1,532,599	677,513	(1,023,872)	575,518	402,550	(198,815)
Other financial assets	-	-	-	-	-	(25,000)
Cash and bank balances	1,767,604	41,425	(104,817)	(1,046,601)	23,741	(1,013,468)
<b>Total assets</b>	<b>4,306,671</b>	<b>(291,939)</b>	<b>(1,310,074)</b>	<b>904,126</b>	<b>1,237,015</b>	<b>(1,760,351)</b>
Current liabilities	2,618,695	(1,592,839)	(857,883)	1,629,706	2,467,928	653,248
Non-current liabilities	2,831	(83,505)	13,489	30,839	2,740	15,512
<b>Total liabilities</b>	<b>2,621,526</b>	<b>(1,676,344)</b>	<b>(844,394)</b>	<b>1,660,545</b>	<b>2,470,668</b>	<b>668,760</b>
<b>Capital employed</b>	<b>1,685,145</b>	<b>1,384,405</b>	<b>(465,680)</b>	<b>(756,419)</b>	<b>(1,233,653)</b>	<b>(2,429,111)</b>
Share capital	-	-	-	-	-	-
Reserves	1,685,145	1,384,405	(465,680)	(756,419)	(1,233,653)	(2,429,111)
<b>Capital employed</b>	<b>1,685,145</b>	<b>1,384,405</b>	<b>(465,680)</b>	<b>(756,419)</b>	<b>(1,233,653)</b>	<b>(2,429,111)</b>
<b>PROFIT OR LOSS ACCOUNT</b>						
Revenue	8,643,734	(2,057,216)	(5,380,134)	501,074	6,772,620	2,462,719
Cost of sales	6,688,518	(2,278,512)	(3,259,366)	1,095,328	4,861,623	1,613,456
<b>Gross profit</b>	<b>1,955,216</b>	<b>221,296</b>	<b>(2,120,768)</b>	<b>(594,254)</b>	<b>1,910,997</b>	<b>849,263</b>
Distribution expenses	(101,273)	(42,042)	(13,004)	36,120	78,742	50,181
Administrative expenses	31,174	25,912	(8,662)	67,627	(12,538)	(46,858)
	2,025,315	237,426	(2,099,102)	(698,001)	1,844,793	845,940
Other income	87,259	(2,625)	(479)	(82,174)	(9,853)	(326,123)
Other operating expenses	7,786	(91,908)	13,835	(54,636)	127,541	34,420
	2,104,788	326,709	(2,113,416)	(725,539)	1,707,399	485,397
Finance cost	(137,035)	(252,674)	272,895	124,639	(89)	(82)
<b>Profit before taxation</b>	<b>2,241,823</b>	<b>579,383</b>	<b>(2,386,311)</b>	<b>(850,178)</b>	<b>1,707,488</b>	<b>485,479</b>
Income tax expense	633,618	207,378	(911,449)	(179,572)	511,252	150,878
<b>Profit for the year</b>	<b>1,608,205</b>	<b>372,005</b>	<b>(1,474,862)</b>	<b>(670,606)</b>	<b>1,196,236</b>	<b>334,601</b>

# Six Years Vertical Analysis

	2021	2021	2020	2020	2019	2019
	(Rupees in '000)	%	(Rupees in '000)	%	(Rupees in '000)	%
<b>BALANCE SHEET</b>						
Fixed assets	1,108,805	27.91%	1,066,974	46.63%	1,068,382	118.22%
Long-term investments	-	0.00%	-	0.00%	-	
Long-term loans and deposits	11,334	0.29%	4,941	0.22%	4,757	0.53%
Employee benefit prepayments	8,481	0.21%	36,197	1.58%		
Deferred tax asset	85,553	2.15%	111,756	4.88%	87,090	9.64%
Inventories	2,875,085	72.36%	2,004,517	87.61%	2,786,893	308.38%
Trade receivables	4,651	0.12%	-	0.00%	9,624	1.06%
Loan and advances	147,874	3.72%	86,561	3.78%	93,216	10.31%
Trade deposits and short-term prepayments	114,772	2.89%	24,925	1.09%	7,398	0.82%
Interest accrued	1,396	0.04%	197	0.01%	-	0.00%
Other receivables	8,283	0.21%	8,225	0.36%	108,134	11.97%
Taxation - payments less provision	142,313	3.58%	157,786	6.90%	347,462	38.45%
Refunds due from the Government	2,983,446	75.09%	1,450,847	63.41%	773,334	85.57%
Other financial assets	-	0.00%	-	0.00%	-	0.00%
Cash and bank balances	1,998,122	50.29%	230,518	10.07%	189,093	20.92%
Total assets	9,490,115	238.85%	5,183,444	226.54%	5,475,383	605.87%
Current liabilities	5,467,934	137.62%	2,849,239	124.52%	4,442,078	491.53%
Non-current liabilities	48,914	1.23%	46,083	2.01%	129,588	14.34%
Total liabilities	5,516,848	138.85%	2,895,322	126.54%	4,571,666	505.87%
<b>Capital employed</b>	<b>3,973,267</b>	<b>100.00%</b>	<b>2,288,122</b>	<b>100.00%</b>	<b>903,717</b>	<b>100.00%</b>
Share capital	289,821	7.29%	289,821	12.67%	289,821	32.07%
Reserves	3,683,446	92.71%	1,998,301	87.33%	613,896	67.93%
<b>Capital employed</b>	<b>3,973,267</b>	<b>100.00%</b>	<b>2,288,122</b>	<b>100.00%</b>	<b>903,717</b>	<b>100.00%</b>
<b>PROFIT OR LOSS ACCOUNT</b>						
Revenue	20,578,906	100.00%	11,935,172	100.00%	13,992,388	100.00%
Cost of sales	15,857,678	77.06%	9,169,160	76.82%	11,447,672	81.81%
Gross profit	4,721,228	22.94%	2,766,012	23.18%	2,544,716	18.19%
Distribution expenses	120,631	0.59%	221,904	1.86%	263,946	1.89%
Administrative expenses	353,849	1.72%	322,675	2.70%	296,763	2.12%
	4,246,748	20.64%	2,221,433	18.61%	1,984,007	14.18%
Other income	146,057	0.71%	58,798	0.49%	61,423	0.44%
Other operating expenses	214,321	1.04%	206,535	1.73%	298,443	2.13%
	4,178,484	20.30%	2,073,696	17.37%	1,746,987	12.49%
Finance cost	8,754	0.04%	145,789	1.22%	398,463	2.85%
Profit before taxation	4,169,730	20.26%	1,927,907	16.15%	1,348,524	9.64%
Income tax expense	1,211,868	5.89%	578,250	4.84%	370,872	2.65%
Profit for the year	2,957,862	14.37%	1,349,657	11.31%	977,652	6.99%

# Six Years Vertical Analysis

	2018	2018	2017	2017	2016	2016
	(Rupees in '000)	%	(Rupees in '000)	%	(Rupees in '000)	%
<b>BALANCE SHEET</b>						
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%
Employee benefit prepayments						
Deferred tax asset						
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 prepayments	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%
<b>Total assets</b>	<b>6,785,457</b>	<b>495.51%</b>	<b>5,881,331</b>	<b>276.66%</b>	<b>4,644,316</b>	<b>138.25%</b>
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%
<b>Total liabilities</b>	<b>5,416,060</b>	<b>395.51%</b>	<b>3,755,515</b>	<b>176.66%</b>	<b>1,284,847</b>	<b>38.25%</b>
Capital employed	1,369,397	100.00%	2,125,816	100.00%	3,359,469	100.00%
Share capital	289,821	21.16%	289,821	13.63%	289,821	8.63%
Reserves	1,079,576	78.84%	1,835,995	86.37%	3,069,648	91.37%
<b>Capital employed</b>	<b>1,369,397</b>	<b>100.00%</b>	<b>2,125,816</b>	<b>100.00%</b>	<b>3,359,469</b>	<b>100.00%</b>
<b>PROFIT OR LOSS ACCOUNT</b>						
Revenue	19,372,522	100.00%	18,871,448	100.00%	12,098,828	100.00%
Cost of sales	14,707,038	75.92%	13,611,710	72.13%	8,750,087	72.32%
<b>Gross profit</b>	<b>4,665,484</b>	<b>24.08%</b>	<b>5,259,738</b>	<b>27.87%</b>	<b>3,348,741</b>	<b>27.68%</b>
Distribution expenses	276,950	1.43%	240,830	1.28%	162,088	1.34%
Administrative expenses	305,425	1.58%	237,798	1.26%	250,336	2.07%
	4,083,109	21.08%	4,781,110	25.34%	2,936,317	24.27%
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%
Finance cost	125,568	0.65%	929	0.00%	1,018	0.01%
<b>Profit before taxation</b>	<b>3,734,835</b>	<b>19.28%</b>	<b>4,585,013</b>	<b>24.30%</b>	<b>2,877,525</b>	<b>23.78%</b>
Income tax expense	1,282,321	6.62%	1,461,893	7.75%	950,641	7.86%
<b>Profit for the year</b>	<b>2,452,514</b>	<b>12.66%</b>	<b>3,123,120</b>	<b>16.55%</b>	<b>1,926,884</b>	<b>15.93%</b>

# Comments on Horizontal & Vertical Analysis

## Statement of Profit or Loss

### Sales Revenue

The Company has demonstrated healthy revenue growth in 2021. An increase of 72% over last year mainly due to an increase in sales volume owing to the overall recovery in the economy with a high GDP growth rate and an overall increase in total industry volume. AGTL management was able to sell 18,156 tractors during the current year as compared to 12,142 sold in 2020.

### Gross Profit

The gross margin of the Company has remained under pressure during last few years owing to significant rupee devaluation, but Lean management, rigorous cost discipline and other various turnaround strategies implemented by management assisted in achieving an implausible Gross Profit during the current year. GP% of the company stands at 23% which is same as last year.

### Overheads

The Company strongly believes in cost saving initiatives and effective controls over expenditures to curtail its expenses. Annual growth of overheads, from 2016 to 2021, exhibited an increase of 4%, which is mainly attributable to increased inflation observed from year on year basis.

### Finance Cost

Finance cost decreased significantly during the year as compared to previous years as a result of deaccelerated utilization of short-term borrowing resulting from immaculate working capital management policies introduced by management.

### Other Income

Other income mainly represents income from investments. Due to efficient working capital management, surplus funds were invested in short term deposits which earned interest and there were additional income received from scrap disposals.

### Profitability

2021 has proved to be a fruitful year for the company with an increase in sales volume owing to improved market conditions has resulted in net profit of Rs. 2,958 million compared to Rs. 1,349 million of last year, An increase of 119%. Although there was constant pressure on gross margin due to rupee devaluation and vendor cost increases, But cost management strategies implemented by management to control the raw material cost including deferring cost price increase to vendors has resulted in protection of gross margin keeping it in line with last year GP% of 23%.

## Statement of Financial Position

### Equity and Reserves

Equity and reserves have increased as compared to last year mainly due to increased profits made.

### Fixed Assets

Fixed assets of the Company grew over past six years from Rs.650 million in 2016 to Rs. 1,109 million in 2021. The increase is mainly attributable to capitalization of various machinery related to Quality Lab, Store sheds and other additions to fixed assets related to employee benefits.

### 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. Increase in inventory is in line with increase in production requirement due to increase in production activity.

### 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 2021.

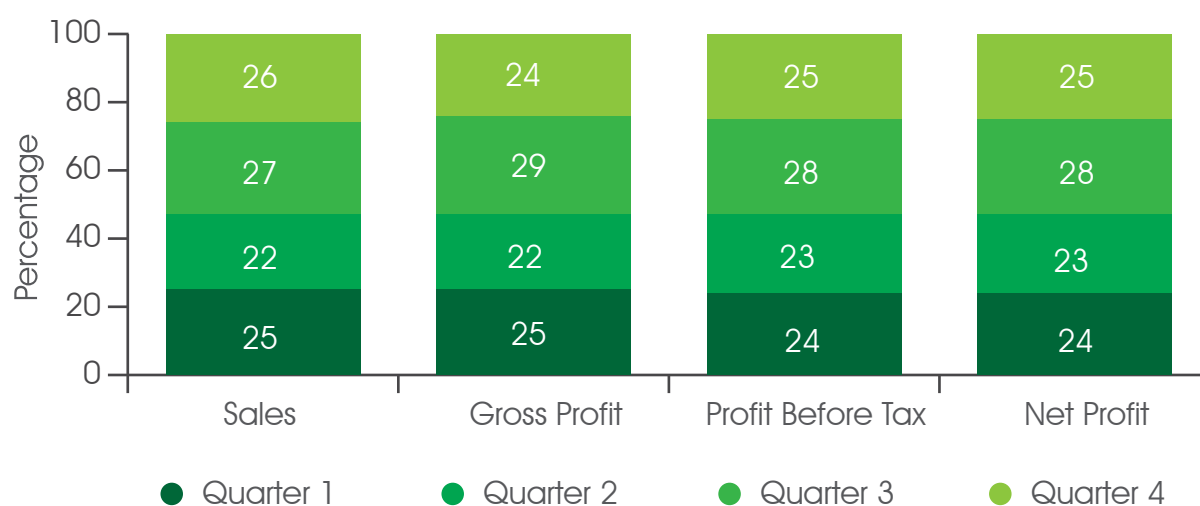
Refund claims totaled Rs.2,980 million which represents a significant increase of 106% as compared to last year. This increase is due to no recovery / release of refund from Government during the current year.

### Cash and bank balances

Efficient working capital management and increase in cash inflows from sales and increase in bookings of tractors in the last quarter cumulatively have resulted into a cash surplus position of Rs. 1,998 million at year end compared to short term borrowing of Rs. 1,588 million last year.

# Quarterly Analysis

	1 <sup>st</sup> Quarter	2 <sup>nd</sup> Quarter	3 <sup>rd</sup> Quarter	4 <sup>th</sup> Quarter	Annual
Revenue	5,043,288	4,611,626	5,565,779	5,358,213	20,578,906
Cost of sales	(3,872,783)	(3,573,207)	(4,193,105)	(4,218,583)	(15,857,678)
Gross profit	1,170,505	1,038,419	1,372,674	1,139,630	4,721,228
Gross profit %	23.2%	22.5%	24.7%	21.3%	22.9%
Distribution expenses	(52,024)	(17,834)	(33,843)	(16,930)	(120,631)
Administrative expenses	(134,191)	(25,277)	(100,163)	(94,218)	(353,849)
	(186,215)	(43,111)	(134,006)	(111,148)	(474,480)
Other income	30,718	37,312	31,215	46,812	146,057
Other operating expenses	(22,488)	(64,789)	(93,787)	(33,257)	(214,321)
Operating Profit	992,520	967,831	1,176,096	1,042,037	4,178,484
Finance cost	(7,825)	(188)	(350)	(391)	(8,754)
Profit before taxation	984,695	967,643	1,175,746	1,041,646	4,169,730
Income tax expense	(291,902)	(280,332)	(341,112)	(298,522)	(1,211,868)
<b>Profit for the year</b>	<b>692,793</b>	<b>687,311</b>	<b>834,634</b>	<b>743,124</b>	<b>2,957,862</b>
	13.7%	14.9%	15.0%	13.9%	14.4%



## **Sales**

Company's sales revenue increased in 1st Half significantly entirely due to improvement in sales volume as the total industry volume improved significantly in 1st & 2nd quarter 83% & 49% respectively compared to SPLY. With the momentum built on the back of 1st half, the company consistently delivered the results by ending up with total sales volume 18,156 tractors with highest sales volume being achieved in 3rd Quarter of 2021.

## **Gross Profit**

The gross profit was highest in the third quarter in line with sales revenue and sales volume. The increase in raw material prices, currency devaluation and other inflationary factors affected the gross profit for first half. The effect of increase in selling price reflected positively from third quarter onwards thus increasing the gross profit for the whole year.

## **Profit Before Tax**

PBT remained consistent with the gross profit as the Company kept effective controls over operating expenses and performed exceptionally well on balance sheet health improvements and effective working capital management which resulted in sustainable free cash flows' generation, optimal inventory levels' and an improved debt to equity ratios, thus also reducing the finance cost. All the above measures supported the Company to arrive at the PBT margin of 20.3%.

## **Profit After Tax**

PAT followed the similar trend as that of PBT. This translates into Earning per share of Rs. 51.03 for the year.

# Direct Cash Flow Statement

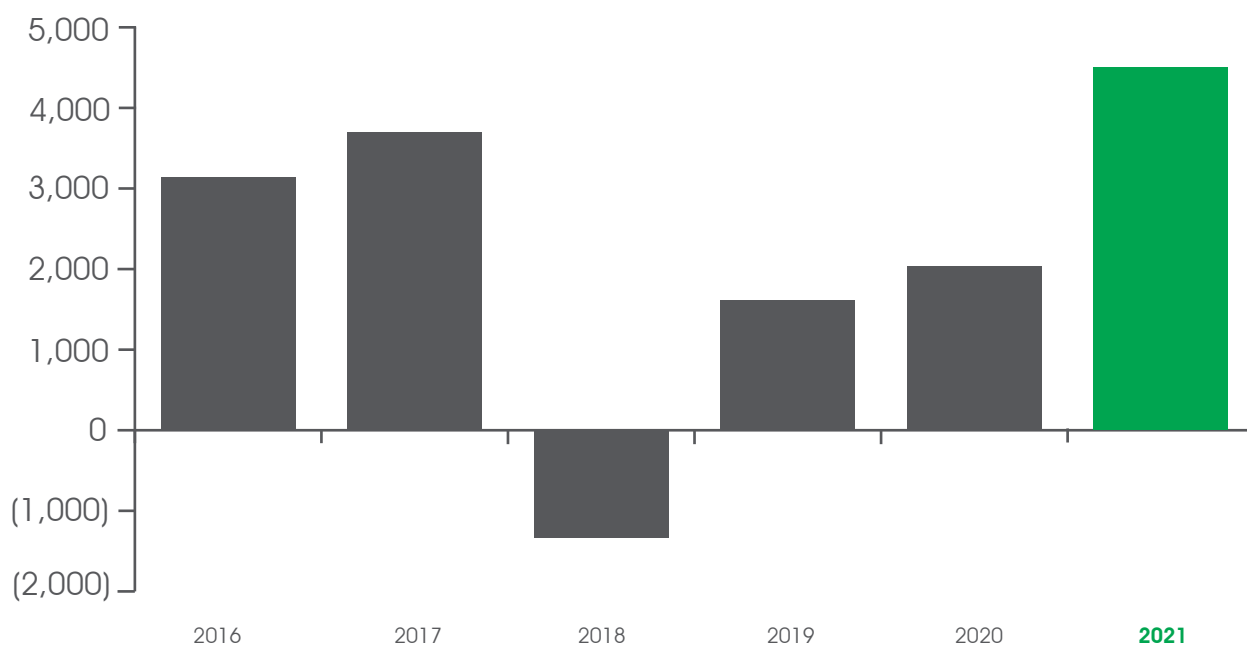
	2021	2020
	(Rupees in '000)	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Cash receipts from customers	23,939,781	12,024,417
Cash paid to suppliers / service providers and employees	(16,202,628)	(8,348,991)
Workers Funds	(270,325)	(125,380)
Income tax paid	(1,170,192)	(413,240)
Sales tax refund / (payment)	(1,532,599)	(677,513)
Finance Cost paid	(22,661)	(234,928)
Retirement benefits	(21,370)	(105,411)
Loans, deposits and other operating income - net	(88,364)	4,691
(Increase) / decrease in long-term loans	(1,146)	1,656
Net cash (used) / generated from operating activities	4,630,496	2,125,301
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Fixed capital expenditure	(126,743)	(94,945)
Proceeds from disposal of fixed assets	2,815	15,616
Return on bank deposits	89,861	40,421
Net cash (used) / generated from investing activities	(34,067)	(38,908)
<b>CASHFLOW FROM FINANCING ACTIVITIES</b>		
Dividend paid	(1,240,189)	(4,708)
<b>Net (decrease) / increase in cash and cash equivalents</b>	3,356,240	2,081,685
<b>Cash and cash equivalents at the beginning of the year</b>	(1,358,118)	(3,439,803)
<b>Cash and cash equivalents at the end of the year</b>	1,998,122	(1,358,118)

# Free Cash Flows

	2021	2020	2019	2018	2017	2016
	(Rupees in '000)					
Profit before taxation	4,169,730	1,927,907	1,348,524	3,734,835	4,585,013	2,877,525
Adjustment of non cash items	14,896	204,542	475,355	175,568	(47,148)	(33,327)
working capital changes	445,869	(8,803)	112,919	(5,066,085)	(710,489)	395,311
Net cash generated from operating activities	4,630,495	2,123,646	1,936,798	(1,155,682)	3,827,376	3,239,509
Capital expenditure	(126,743)	(94,945)	(320,631)	(184,195)	(129,451)	(95,875)
Free Cash flows	4,503,752	2,028,701	1,616,167	(1,339,877)	3,697,925	3,143,634

## Comments :

Increase in free cash flows is mainly due to increase in profitability during the year.



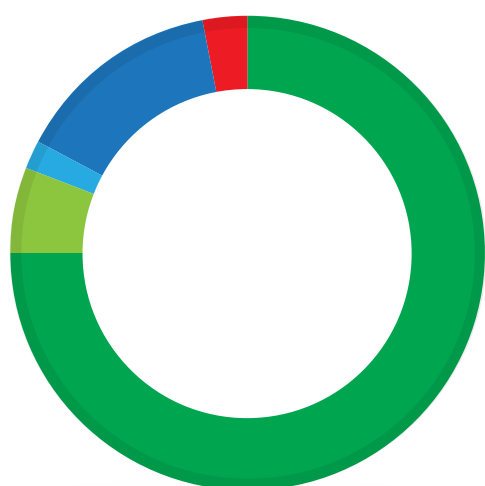
# Statement of Value Addition

## Wealth Generated

	2021		2020	
	(Rupees in '000)	%	(Rupees in '000)	%
Sales	20,578,906	99.3%	11,935,172	99.5%
Other income	146,057	0.7%	58,798	0.5%
	<u>20,724,963</u>	<u>100%</u>	<u>11,993,970</u>	<u>100%</u>

## Distribution of Wealth

Cost of sales & overheads (excluding remuneration)	15,594,492	75%	9,192,176	77%
To employees as remuneration	661,574	3%	585,840	5%
To government as tax	1,211,868	6%	578,250	5%
WPPF and WWF	312,308	2%	147,680	1%
To shareholders as dividend	2,957,862	14%	1,239,854	10%
Cash Retained within the business	(13,141)	0%	250,169	2%
	<u>20,724,963</u>	<u>100%</u>	<u>11,993,970</u>	<u>100%</u>



● Cost of sales & overheads	75%
● To government as tax	6%
● WPPF and WWF	2%
● To shareholders as dividend	14%
● To employees as remuneration	3%
● Retained within the business	0%

# Economic Value Added

	2021	2020
	(Rupees in '000)	
Net Operating Profit after Tax	2,966,616	1,495,446
Cost of Capital	(609,046)	(134,109)
Economic Value Added	2,357,570	1,361,337
Total Assets	9,490,115	5,183,444
Current Liabilities	(5,467,934)	(2,849,239)
Invested Capital	4,022,181	2,334,205
WACC	15.14%	5.75%
Cost of Capital	609,046	134,109

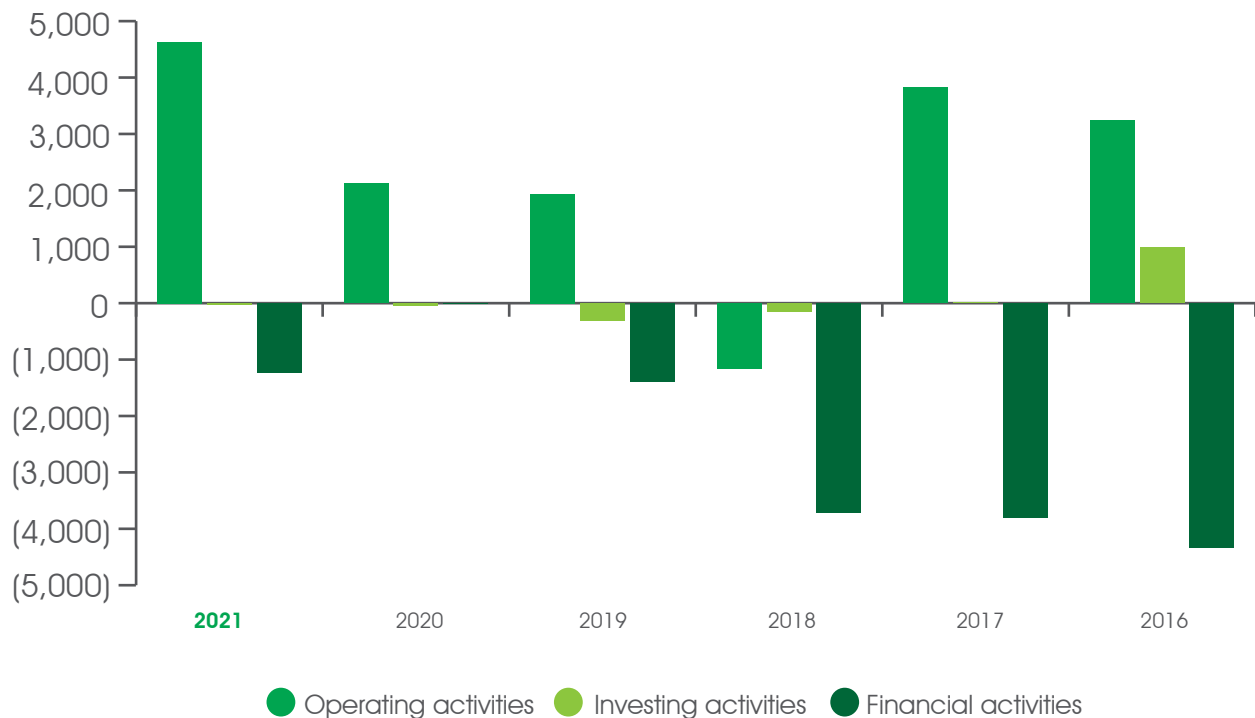


## Comments on Economic Value Added (EVA):

Economic value addition has increase over last year mainly on account on increase in operating profit as compared to last year. The Company has increased WACC in current year as compared to 2020 mainly on account of increased cost of equity owing dividend per share in the current period compared to no dividend last year.

# Summary of Statement of Cash Flows-Last Six Years

	2021	2020	2019	2018	2017	2016
	(Rupees in '000)					
Net cash (used in) / generated from operating activities	4,630,496	2,125,302	1,936,798	(1,155,682)	3,827,376	3,239,509
Net cash used in investing activities	(34,067)	(38,909)	(303,716)	(151,004)	10,187	986,817
Net cash generated from / (used in) financing activities	(1,240,189)	(4,708)	(1,393,589)	(3,713,121)	(3,803,822)	(4,339,794)
Net (decrease) / increase in cash and cash equivalents	3,356,240	2,081,685	239,493	(5,019,807)	33,741	(113,468)
Cash and cash equivalents as at the beginning of the year	(1,358,118)	(3,439,803)	(3,679,296)	1,340,511	1,306,770	1,420,238
Cash and cash equivalents as at the end of the year	1,998,122	(1,358,118)	(3,439,803)	(3,679,296)	1,340,511	1,306,770



### **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 2021 mainly on account of increased profitability during the current 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 additions related to product development, quality enhancement and staff wellbeing. Further the trend also depicts increase in return on investment over the period mainly on account of increased profitability.

Cash outflow from financing activities represents dividend payment made in year 2021 for year 2020's profit.

For the past few years the Company has obtained a notable value of running finance facility to ensure smooth business operations. Funded finance facility from different banks as at 31st Dec, 2021 stood at Rs.4.5 billion.

# 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 share price of the Company may be sensitive.

## AGRICULTURE

Pakistan's economy is predominantly agricultural in character. Almost 62% of the country's population abodes in rural areas, and is linked with agriculture for their livelihood. This sector plays a pivotal role in the performance of the Company. Agricultural growth is contingent on crop acreage, weather conditions, availability of irrigation water & farm inputs, and support prices. Favorable agricultural factors mean a boost can be seen in company's sale and thus ultimately increasing company's profitability and share price.

## GOVERNMENT DECISIONS AND POLICIES

Government decisions on crop prices, taxes, subsidized tractor schemes etc. are important drivers of the Company's share prices. Decisions favourable to the overall agricultural industry also creates positive vibes in the tractor industry which ultimately leads to increase in share price, whilst decisions to the contrary have a negative impact on 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

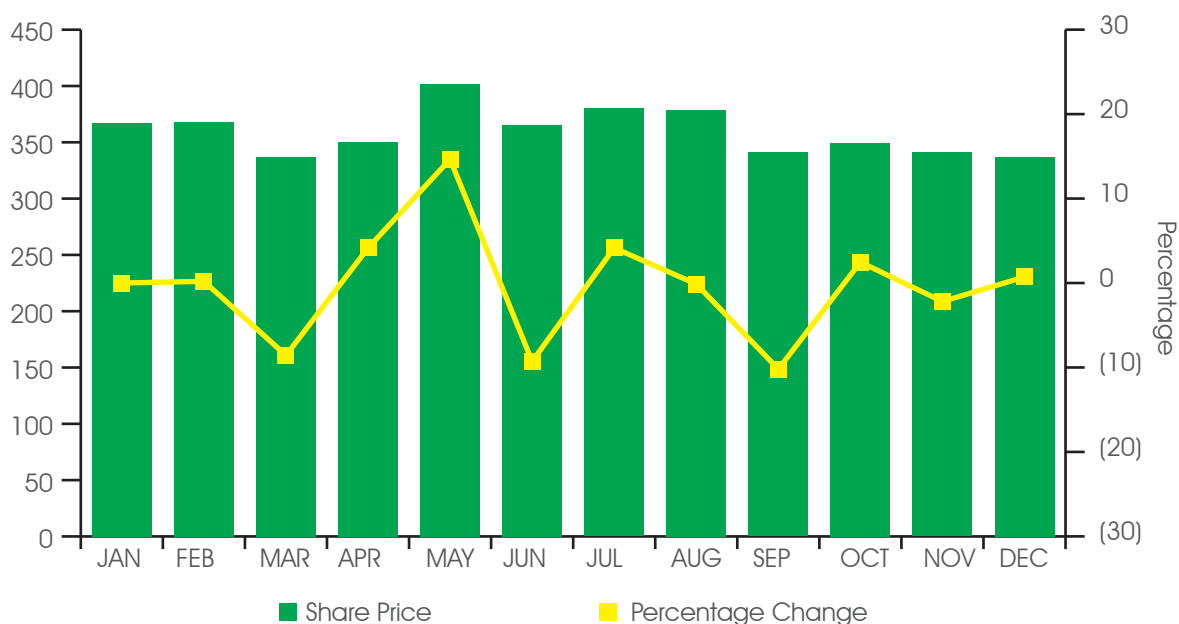
Being a manufacturing concern, material cost comprises of a significant portion of variable cost. Any increase in material costs impacts the gross profit and results in reduced profits. This may adversely affect the share price.

## 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 can adversely affect the financial performance of the Company.



# Segmental Review of Business

## MARKET SEGMENT/SHARE

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

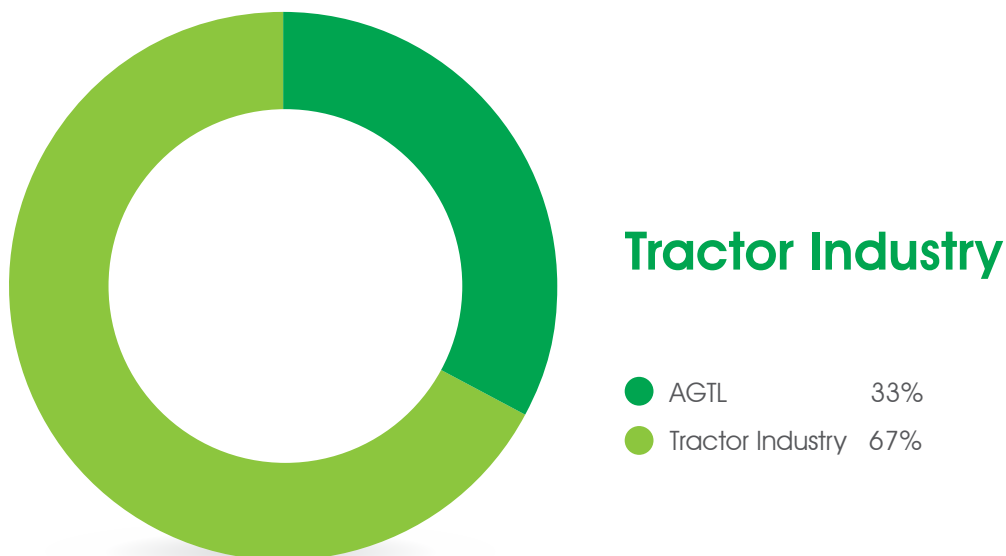
This sector has, in general, recorded growth as against the previous year. When the overall economy slowly stepped into operational activity after the COVID-19, the tractor industry observed a rise of 41% in the calendar year 2021 as compared to the previous year.

According to published numbers, 55,546 tractors were sold during the current period as against 39,346 last year. AGTL is the second-largest player in the tractor industry in Pakistan. Due to the extremely challenging vendor situation and supply constraints during the year, AGTL still managed to achieve a market share of 33%.

## OPERATING SEGMENTS

The Company remained principally engaged in the manufacture and/or sale of agricultural tractors, implements, and spare parts. The Company also imported first-of-its-kind New Holland Brand Combine Harvesters, Balers, and 95 HP tractors into Pakistan on an exploratory basis.

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



# Sustainability and Corporate Social Responsibility



# 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 parched desert has contributed to the sustained economic development of the entire community and the society at large. Offering ample employment opportunities, a staff town has been built adjacent to the manufacturing plant full of amenities such as a hospital, 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 that 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

A reverse osmosis plant has been installed in DGK in the year 2017 which has improved the machinery life of different tractor manufacturing processes as well as the working efficiency of tractor components. Drinking water points from the 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 reduce environmental impact, the Company has installed energy-efficient rooftops in the plant, thus reducing the consumption of electricity with savings in energy cost. Further, burners in paint shops and tractor body lines 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 include replacement of conventional high-power consuming air-conditioners with inverter air-conditioners saving more than 50% power

savings and use of environmentally friendly gas, induction of efficient LED lights, and installation of flow meters on burners to regulate fuel consumption.

## 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 online 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 that 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 wastewater 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 refused 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 protecting the environment. A modern state-of-the-art Effluent Treatment Plant is functional and treats wastewater from the factory for useful utilization in Plantation. All other effluents of smoke, noise, health, and safety fully meet National Environmental Quality Standards (NEQS).

## HUNAR ROZGAR MELA

Hunar Foundation is contributing to produce skilled manpower all over the country especially in the remote areas. The foundation organized awareness session at DG Khan for the general public. In this session local industries representatives also participated and apprised the participants about technical skills required in the industries.



### 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 reuse paper.



### PLANTATION

Al-Ghazi Tractors Limited is contributed towards climate change by participating and conducting tree plantation inside the premises as well as outside the premises. In Year 2021, Tree plantation campaign conducted as per previous practice by planting tree in Social Security Office besides planting more than 1000 trees through local government department of Horticulture and Parks.



### 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.



### COVID 19 VACCINATION

The outbreak of Covid 19 was a serious concern at government level as well as public level. The management enforced all SOPs issued by the Government from time to time to control the spread of disease besides giving awareness sessions to employees to control the disease. The management played a vital role in ensuring the vaccination of its employees by arranging vaccination teams at plant



### POLIO VACCINATION CAMPAIGN

Al-Ghazi Tractors Limited is all out for eradication of Polio from the country. The Plant Management supported the Polio Teams to conduct Polio campaign in staff town and surrounding areas besides doing awareness on the disease through banners and posters



Polio workers also visited the AGTL staff town to provide polio drops to underage children's



**FLORA AND FAUNA**

The spring season 2021 was well celebrated in DG Khan by organizing flower exhibition in city park by local government. Al Ghazi Tractors limited participated in the exhibition with full zeal and zest.



**HEALTH AWARENESS SESSIONS**

The management of Al Ghazi tractors is committed to take care of its employees and their families alike. A special health awareness session was conducted for the ladies of employees focusing on diseases related to females and their cure.



**CONTRIBUTION TO NATIONAL EXCHEQUER**

AGTL has contributed Rs. 1.2 billion towards the national exchequer on account of government levies and taxes.

**LABOUR / MANAGEMENT RELATIONS**

The management and labor of AGTL enjoys cordial relations. Weekly meetings are held with the Collective Bargaining Agent (CBA) to discuss and resolve all issues. AGTL is an equal opportunity employer.

**EMPLOYMENT OF SPECIAL PERSONS**

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

**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 place to detect and deter wrongdoings. The Company also has a well documented harassment policy.

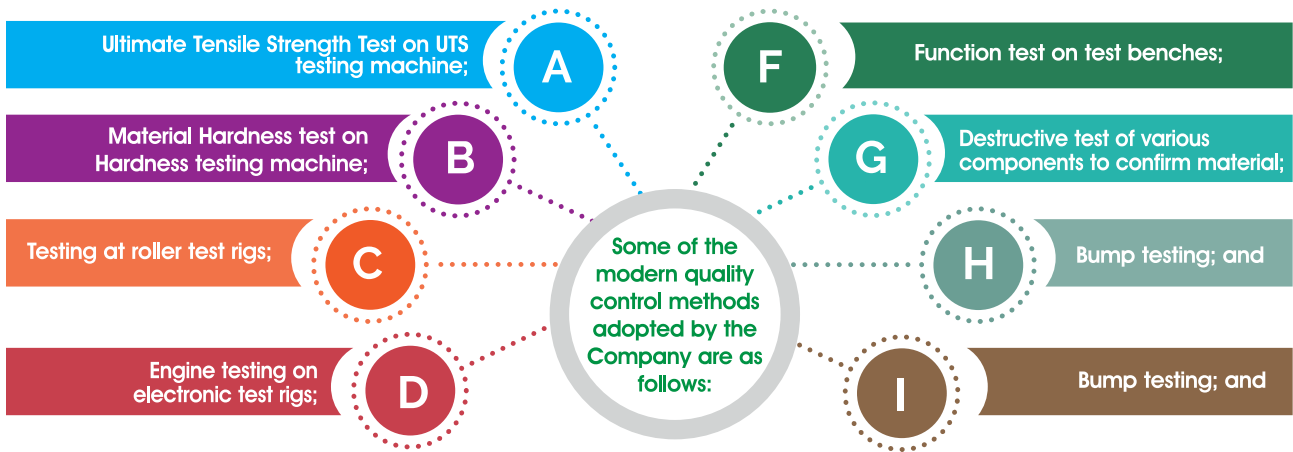
**CONSUMER PROTECTION MEASURES**

AGTL's uncompromising commitment to providing high-quality tractors at the lowest price, to satisfy customers on a consistent basis. AGTL's manufacturing plant is a state-of-the-art unit that has a capacity to produce 30,000 tractors per annum in a single shift. The plant operates with high efficiency with negligible waste. Our tractors are manufactured from nonhazardous 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 breaches of customer privacy. The Company offers two free after-sales services for its tractors. The warranty period is 14 months or 1200 hours, whichever comes first.



**QUALITY ASSURANCE**

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



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

## Highlights of Corporate Social Responsibility

Corporate Social Responsibility (CSR) Framework establishes a 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
- Provision of valuable goods and services for society
- Respect for human beings
- Protection of environment
- Responsibility to society as a corporate citizen
- Transparent operating 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 program 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 Dera Ghazi Khan for the development of local talent.
- Students of different Universities were given an opportunity to visit the plant and obtain an insight into the tractor manufacturing industry.



### DEVELOPMENT OF LOCAL TALENT

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



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

### RURAL DEVELOPMENT PROGRAMME

Al-Ghazi Tractors has developed a whole scale industry that provides employment and employment generating activities, provides welfare services, and marketing infrastructure, and the impact of these activities has had a huge impact on

the 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 labor from agriculture to the manufacturing 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 patterns, Al-Ghazi has concentrated on Human development with training and scholarships and the 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, marketing, etc.

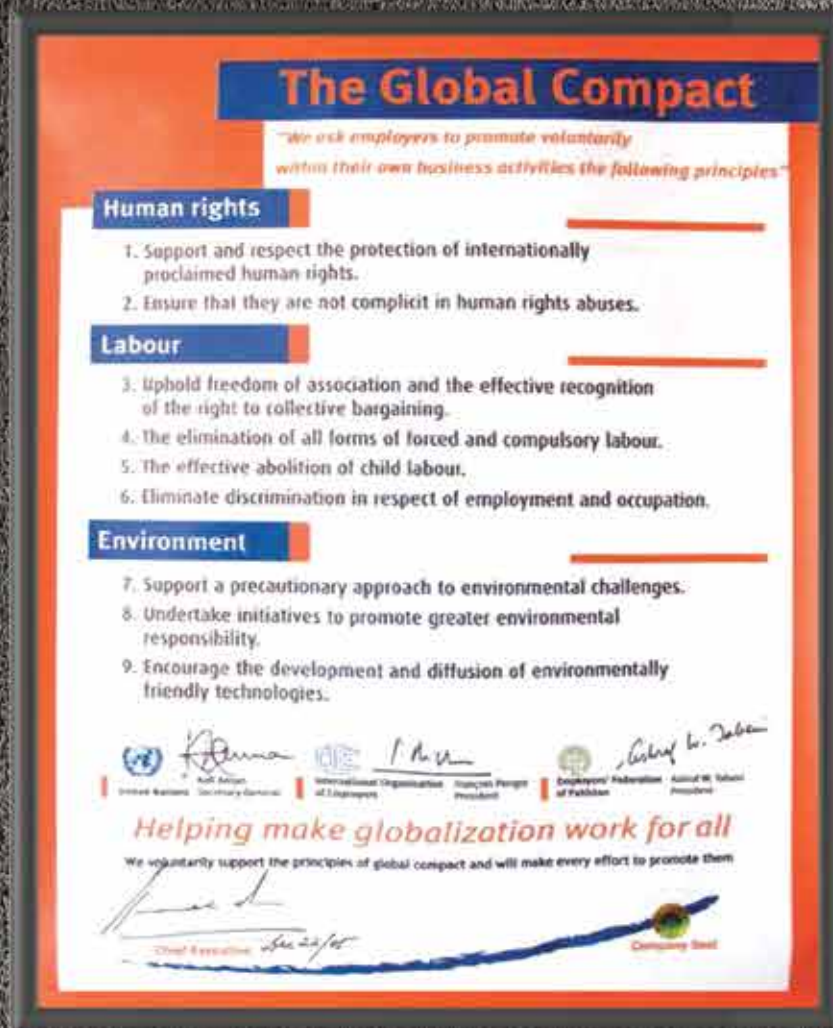
What was once a bucolic area is now an industrial hub, that has prevented the march of the desert with its investments in horticulture, and which with its expanding industrial throughput has contributed to employment at the doorstep of the area thus decelerating migration to urban centers.



# 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 2025.



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.



The image is a composite of financial-themed elements. In the foreground, there are several stacks of gold coins, some showing the intricate designs on their faces. Below the coins, a candlestick chart is visible, with green and red bars representing price movements, overlaid with a blue line graph. In the bottom right corner, a portion of a table with numerical data is visible, including values like 55.28, 50.08, 16.89, 12.63, 31.28, 51.65, and 8.34. The overall composition is set against a dark, textured background.

# Financial Statements 2021



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, 2021, and the statement of profit or loss, the statement of profit or loss and other comprehensive income, the statement of cash flows, the statement of changes in equity 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 cash flows and the statement of changes in equity 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, 2021 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 Matter**

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.

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A. F. Ferguson & co ., Chartered Accountants, a member firm of the PwC network  
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■ Karachi ■ Lahore ■ Islamabad

Following are the Key Audit Matters:

**S. No. Key Audit Matter**

**(i) Revenue from contracts with customers**

(Refer note 19 to the annexed financial statements)

The Company recognizes revenue from the sale of agricultural tractors, generators, implements and spare parts when the performance obligation is satisfied by transferring control of a promised good to the customer. During the year, net sales to customers have increased significantly by 72% substantially due to increase in agricultural tractor's prices and market growth.

We considered revenue recognition as a key audit matter due to revenue being one of the key performance indicators of the Company and for the year revenue has increased significantly as compared to the last year. In addition, revenue was also considered as an area of significant risk as part of the audit process.

**How the matter was addressed in our audit**

We performed, amongst others, the following audit procedures:

- evaluated management controls over revenue and checked their validation;
- performed verification of sales with underlying documentation including gate pass and invoice;
- performed cut-off procedures on sample basis to ensure sales has been recorded in the correct period;
- verified that sales prices are approved by appropriate authority; and
- Assessed the adequacy of the disclosures made by the Company in accordance with applicable accounting and reporting standards.

**S. No. Key Audit Matter**

**(i) Inventories**

(Refer note 4 to the annexed financial statements)

The Company has significant level of inventories comprising of raw material, work-in-process and finished goods. The Company makes provision against inventory items that are either obsolete rejected or slow moving. Significant judgements, assumptions and estimates are involved to determine the inventory at lower of cost and net realizable values.

Given the level of significant management judgements and estimates involved we considered inventory valuation a key audit matter.

**How the matter was addressed in our audit**

We performed, amongst others, the following audit procedures:

- obtained understanding of valuation methodology, the basis and process for making the inventory provision;
- obtained understanding of design, implementation and operating effectiveness of the key controls management has established for inventory provision computations;
- recalculated a sample of items included within the inventory provision to ensure accuracy of calculation and that inventories are stated at the lower of cost or net realizable value at the reporting date by reviewing relevant documents and sales prices of inventories subsequent to the reporting date; and
- assessed the adequacy of the disclosures made by the Company in accordance with applicable accounting and reporting standards.



### **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 report 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 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.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

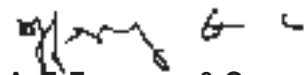
From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **Report on Other Legal and Regulatory Requirements**

Based on our audit, we further report that in our opinion:

- (a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- (b) the statement of financial position, the statement of profit or loss, the statement of profit or loss and other comprehensive income, the statement of cash flows and the statement of changes in equity together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- (c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- (d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent auditor's report is Syed Muhammad Hasnain.



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

**Date: April 21, 2022**

**UDIN: AR202110073caqx8SCvi**

# Statement of Financial Position

As at December 31, 2021

ASSETS	Note	2021	2020
		(Rupees in '000)	
<b>NON-CURRENT ASSETS</b>			
Fixed Assets	3	1,108,805	1,066,974
Deferred tax asset	14	85,553	111,756
Long-term loans		1,927	781
Long-term deposits and prepayments		9,407	4,160
Employee benefit prepayments	30	8,481	36,197
		<u>1,214,173</u>	<u>1,219,868</u>
<b>CURRENT ASSETS</b>			
Inventories	4	2,875,085	2,004,517
Trade receivables	5	4,651	-
Loans and advances	6	147,874	86,561
Trade deposits and short-term prepayments	7	114,772	24,925
Interest accrued	8	1,396	197
Other receivables	9	8,283	8,225
Taxation - payments less provision		142,313	157,786
Refunds due from the Government	10	2,983,446	1,450,847
Other financial assets	11	-	-
Cash and bank balances	12	1,998,122	230,518
		<u>8,275,942</u>	<u>3,963,576</u>
<b>TOTAL ASSETS</b>		<u><u>9,490,115</u></u>	<u><u>5,183,444</u></u>
<b>SHARE CAPITAL AND RESERVES</b>			
Share capital	13	289,821	289,821
General reserve		-	1,049,000
Unappropriated profit		3,683,446	949,301
		<u>3,973,267</u>	<u>2,288,122</u>
<b>NON-CURRENT LIABILITIES</b>			
Deferred staff benefits - compensated absences		48,914	46,083
<b>CURRENT LIABILITIES</b>			
Trade and other payables	15	1,907,361	1,064,923
Customers' and dealers' advances	16	3,488,532	123,304
Unclaimed dividend		72,041	72,376
Short term financing	17	-	1,588,636
<b>TOTAL LIABILITIES</b>		<u>5,516,848</u>	<u>2,895,322</u>
<b>COMMITMENTS</b>	18		
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>9,490,115</u></u>	<u><u>5,183,444</u></u>

The annexed notes 1 to 39 form an integral part of these financial statements.

  
Acting Chief Executive

  
Director

  
Chief Financial Officer

## Statement of Profit or Loss

For the Year Ended December 31, 2021

	Note	2021	2020
		(Rupees in '000)	
Revenue from contracts with customers	19	20,578,906	11,935,172
Cost of sales	20	(15,857,678)	(9,169,160)
Gross profit		4,721,228	2,766,012
Distribution expenses	21	(120,631)	(221,904)
Administrative expenses	22	(353,849)	(322,675)
		4,246,748	2,221,433
Other income	23	146,057	58,798
Other expenses	24	(214,321)	(206,535)
		4,178,484	2,073,696
Finance costs	25	(8,754)	(145,789)
Profit before taxation		4,169,730	1,927,907
Income tax expense	26	(1,211,868)	(578,250)
Profit for the year		2,957,862	1,349,657
Earnings per share (Rupees) - Basic and diluted	27	51.03	23.28

The annexed notes 1 to 39 form an integral part of these financial statements.

  
Acting Chief Executive

  
Director

  
Chief Financial Officer

# Statement of Profit or Loss and Other Comprehensive Income

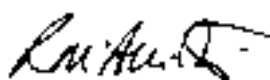
For the Year Ended December 31, 2021

	Note	2021	2020
		(Rupees in '000)	
Profit for the year		2,957,862	1,349,657
Other comprehensive (loss) / income:			
<b>Items that will not be subsequently reclassified in profit or loss</b>			
Remeasurements of post employment benefit obligations		(32,863)	34,748
Total comprehensive income for the year		<u>2,924,999</u>	<u>1,384,405</u>

The annexed notes 1 to 39 form an integral part of these financial statements.



Acting Chief Executive



Director



Chief Financial Officer

# Statement of Cash Flows

For the Year Ended December 31, 2021

	Note	2021	2020
		(Rupees in '000)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	28	5,848,281	2,879,065
Income tax paid		(1,170,192)	(413,240)
Finance cost paid		(22,661)	(234,928)
Increase in long-term deposits and prepayments		(5,247)	(1,840)
Employee benefit obligations paid		(21,370)	(73,105)
Increase / (decrease) in deferred staff benefits - compensated absences		2,831	(32,306)
(Decrease) / increase in long-term loans		(1,146)	1,656
Net cash inflow from operating activities		4,630,496	2,125,302
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Additions to fixed assets		(126,743)	(94,945)
Proceeds from disposal of fixed assets		2,815	15,616
Return on bank deposits received		89,861	40,420
Net cash outflow from investing activities		(34,067)	(38,909)
<b>CASH FLOW FROM FINANCING ACTIVITY</b>			
Dividend paid		(1,240,189)	(4,708)
<b>Net increase in cash and cash equivalents</b>		3,356,240	2,081,685
Cash and cash equivalents at beginning of the year		(1,358,118)	(3,439,803)
Cash and cash equivalents at end of the year	29	1,998,122	(1,358,118)

The annexed notes 1 to 39 form an integral part of these financial statements.

  
Acting Chief Executive

  
Director

  
Chief Financial Officer

# Statement of Changes in Equity

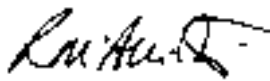
For the Year Ended December 31, 2021

	Issued, subscribed and paid-up capital	Revenue Reserves		Total
		General reserve	Unappropriated profit	
(Rupees in '000)				
Balance as at January 1, 2020	289,821	-	613,896	903,717
Total comprehensive income for the year ended December 31, 2020				
Profit for the year ended December 31, 2020	-	-	1,349,657	1,349,657
Other comprehensive income for the year ended December 31, 2020	-	-	34,748	34,748
	-	-	1,384,405	1,384,405
Transfer of Unappropriated profit to General reserve	-	1,049,000	(1,049,000)	-
<b>Balance as at January 1, 2021</b>	289,821	1,049,000	949,301	2,288,122
Transfer from General reserve to Unappropriated profit	-	(1,049,000)	1,049,000	-
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)
Total comprehensive income for the year ended December 31, 2021				
Profit for the year ended December 31, 2021	-	-	2,957,862	2,957,862
Other comprehensive loss for the year ended December 31, 2021	-	-	(32,863)	(32,863)
	-	-	2,924,999	2,924,999
Balance as at December 31, 2021	289,821	-	3,683,446	3,973,267

The annexed notes 1 to 39 form an integral part of these financial statements.



Acting Chief Executive



Director



Chief Financial Officer

# Notes to and Forming Part of The Financial Statements

For the Year Ended December 31, 2021

## 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 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
- 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

**1.3** During the year, the Competition Commission of Pakistan (CCP) has initiated proceedings against the Company under relevant provisions of the Competition Act, 2010. CCP has issued an enquiry report and multiple show cause notices to the Company. The Company has filed a petition against CCP proceedings and obtained interim relief from Islamabad High Court through which CCP is restrained from passing any adverse order against the Company during the pendency of the petition. Based on the relevant facts and the advice of Company's legal counsel, the Company believes that there are no grounds which could result in any adverse order against the Company.

## 2. 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.

### 2.1 Basis of preparation

#### 2.1.1 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.

## 2.1.2 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 historic experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. There were no significant judgements involved in the application of Company's accounting policies. The management has made the following estimates which are significant to the financial statements:

### i. Employee benefit obligations

The Company has made certain actuarial assumptions as disclosed in note 30 to the financial statement for valuation of present value of defined benefit obligations and fair value of planned assets, based on actuarial valuation.

### ii. Current and deferred income taxes

In making the estimates for income taxes payable by the Company, management considers current income tax laws and the decisions of appellate authorities on certain cases issued in the past. Where the final outcome is different from the amounts that were initially recorded, such differences will impact the income tax provision in the period in which such final outcome is determined. Deferred taxes are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted at the statement of financial position date.

### iii. Property, plant and equipment and intangible assets

Estimates with respect to residual values and useful lives and pattern flow of economic benefit are based on the recommendation of technical teams of the Company. Further, the Company reviews the internal and external indicators for possible impairment of assets on an annual basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment (note 3) and intangible assets (note 3.3) with a corresponding effect on the depreciation charge, amortisation charge and impairment.

### iv. Provisions

Provisions are considered, among others, for legal matters, disputed indirect taxes and warranty obligations where a legal or constructive obligation exists at the statement of financial position's date and reliable estimate can be made of the likely outcome. The nature of these costs is such that judgement is involved in estimating the timing and amount of cashflows.

### v. Inventories

Estimates with respect to obsolete and slow moving inventories are based on the management's assessment on aged based analysis regarding their future usability.

## 2.1.3 Changes in accounting standards, interpretations and pronouncements

### 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 Company's annual accounting period which began on January 1, 2021. However, these do not have any significant impact on the Company's financial reporting.

## **b) Standards and amendments to published approved accounting standard 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, 2022. 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.

### **2.2 Overall valuation policy**

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

### **2.3 Fixed assets and depreciation**

Fixed assets are stated at cost less accumulated depreciation / amortisation and impairment, if any, except freehold land which is stated at cost less impairment, if any.

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.

Depreciation on additions is charged from the month during which the asset is available for use whereas no depreciation is charged in the month of disposal.

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.

### **2.4 Capital work-in-progress (CWIP)**

Capital work in progress is stated at cost including, where relevant, related financing costs less impairment losses, if any. These costs are transferred to operating assets as and when assets are available for use.

### **2.5 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.

## **2.6 Loans, advances, deposits and prepayments**

Loans, advances, deposits and prepayments are non-derivative financial assets with fixed and determinable payments. These are included in current assets, except those with maturities greater than twelve months after the reporting date, which are classified as non-current assets.

Interest free loans to employees are stated at amortised cost.

## **2.7 Taxation**

### **Current**

The charge for current taxation is based on the taxable income for the year, determined in accordance with the prevailing law for taxation on income, using prevailing tax rates after taking into account tax credits and rebates available, if any. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that the taxation authority will accept an uncertain tax treatment. The Company measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty. Current tax assets and tax liabilities are offset where the Company has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability.

### **Deferred**

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

Deferred tax is charged or credited in the statement of profit or loss and statement of profit or loss and other comprehensive income. Deferred tax is determined using tax rates and prevailing law for taxation on income that have been enacted or substantively enacted by the statement of financial position date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

## **2.8 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.

## **2.9 Trade and other receivables**

Trade and other receivables are initially recognised at the amount of consideration that is unconditional, unless they contain significant financing components when they are recognised at fair value. They are subsequently measured at amortised cost using the effective interest method, less loss allowance. Refer note 2.26 for a description of the Company's impairment policies.

## **2.10 Cash and cash equivalents**

Cash and cash equivalents are carried in the statement of financial position at amortised 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, PLS savings and deposit accounts and other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. Cash and cash equivalents also include bank overdrafts / short term borrowings that are repayable on demand. Further, contractual borrowings are not part of cash and cash equivalents and are part of financing activities.

## **2.11 Staff retirement benefits**

### **(i) Defined contribution plan**

The Company 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.

### **(ii) Defined benefit plan**

Defined benefit plans define an amount of pension or gratuity that an employee will receive on or after retirement, usually dependent on one or more factors, such as age, years of service and compensation. A defined benefit plan is a plan that is not a defined contribution plan. The liability recognised in the Statement of Financial Position in respect of defined benefit plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuary using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash flows using interest rates of high quality corporate bonds or the market rates on Government bonds. These are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related employee benefit obligation.

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, 2021 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.

## **2.12 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.

## **2.13 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.

## **2.14 Provisions**

Provisions are recognised in the statement of financial position when the Company has a legal or constructive obligation, as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of obligation. However, the provisions are reviewed at each reporting date and adjusted to reflect current best estimate.

## **2.15 Warranty obligations**

The Company recognises the estimated liability, on an accrual basis, to repair or replace products under warranty at the reporting date, and recognises the estimated product warranty costs in the statement of profit or loss when the sale is recognised.

## **2.16 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.

## **2.17 Revenue from contracts with customers**

Revenue from contracts with customers is recognised when control over the goods transfers to the customer that is when the customer has the ability to control the use of the transferred goods provided and generally derive their remaining benefits and there is no unfulfilled obligation that could affect the customer's acceptance of the goods. Revenue is recognised as follows:

- revenue from local sales is recognised on dispatch of goods from the premises of the Company.
- revenue from export is recognised on the basis of the terms of sale with the customer.

It is measured at the transaction price which the Company expects to be entitled to and represents the amount of goods supplied, after netting of discounts, returns and value added taxes.

## **2.18 Other income**

Sale of fixed assets is recognised as income when risk and rewards of ownership are transferred.

Profit from savings accounts is accounted for as income on accrual basis.

## **2.19 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.

## **2.20 Dividend distribution**

Dividend distribution to shareholders is recognised as liability in the financial statements in the period in which the dividends are approved by the shareholder / directors, as appropriate.

## 2.21 Share Capital

Ordinary shares are classified as equity and recognised at their face value. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, if any.

## 2.22 Contingent Liabilities

Contingent liability is disclosed when:

- there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or
- there is present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

## 2.23 Financial instruments - Initial recognition and subsequent measurement

### Initial Recognition

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

### Classification of financial assets

The Company classifies its financial instruments in the following categories:

- at fair value through profit or loss (FVTPL),
- at fair value through other comprehensive income (FVTOCI), or
- at amortised cost.

The Company determines the classification of financial assets at initial recognition. The classification of instruments (other than equity instruments) is driven by the Company's business models for managing the financial assets and their contractual cash flow characteristics.

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial assets is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at FVTOCI:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cashflows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are subsequently measured at FVTPL.

## 2.24 Classification of financial liabilities

The Company classifies its financial liabilities in the following categories:

- at fair value through profit and loss (FVTPL), or
- at amortised cost.

Financial liabilities are measured at amortised cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL.

## 2.25 Subsequent measurement

### (i) Financial assets at FVTOCI

Elected investments in equity instruments at FVTOCI are initially recognised at fair value plus transaction costs. Subsequently, they are measured at fair value, with gains or losses arising from changes in fair value recognised in other comprehensive income / (loss).

### (ii) Financial assets and liabilities at amortised cost

Financial assets and liabilities at amortised cost are initially recognised at fair value, and subsequently carried at amortised cost, and in the case of financial assets, less any impairment.

### (iii) Financial assets and liabilities at FVTPL

Financial assets and liabilities initially carried at FVTPL are initially recorded at fair value and transaction costs are expressed in the statement of profit or loss and other comprehensive income. Realised and unrealised gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statement of profit or loss in the period in which they arise.

Where management has opted to recognise a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognised in other comprehensive income/(loss). Currently, there are no financial liabilities designated at FVTPL.

## 2.26 Impairment of financial asset

The Company recognises loss allowance for Expected Credit Loss (ECL) on financial assets measured at amortised cost and fair value through OCI at an amount equal to life time ECLs except for the following, which are measured at 12 months ECLs:

- bank balances for whom credit risk (the risk of default occurring over the expected life of the financial instrument) has not increased since the inception.
- employee receivables.
- other short term receivables that have not demonstrated any increase in credit risk since inception.

Loss allowance for trade receivables are always measured at an amount equal to life time ECLs.

The Company considers a financial asset in default when it is more than 30 days past due.

Life time ECLs are the ECLs that results from all possible default events over the expected life of a financial instrument. 12 month ECLs are portion of ECL that result from default events that are possible within 12 months after the reporting date.

ECLs are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between cash flows due to the entity in accordance with the contract and cash flows that the Company expects receive).

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectation of recovering a financial asset in its entirety or a portion thereof.

## 2.27 Derecognition

### (i) Financial assets

The Company derecognises financial assets only when the contractual rights to cash flows from the financial assets expire or when it transfers the financial assets and substantially all the associated risks and rewards of ownership to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying value and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Company has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to statement of changes in equity.

### (ii) Financial liabilities

The Company derecognises financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non cash assets transferred or liabilities assumed, is recognised in the statement of profit or loss and other comprehensive income.

## 2.28 Off-setting of financial assets and liabilities

Financial assets and liabilities are off-set and net amount is reported in the statement of financial position if the Company has a legal right to set off the transaction and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

## 3. FIXED ASSETS

	Note	2021	2020
(Rupees in '000)			
Property, plant and equipment			
Operating assets	3.1	963,659	788,937
Capital work-in-progress	3.2	143,848	275,878
		1,107,507	1,064,815
Intangible assets	3.3	1,298	2,159
		1,108,805	1,066,974

### 3.1 Operating assets

	Land		Building		Plant and machinery	Furniture, fixtures and office equipment	Computer hardware	Vehicles	Factory equipment and tools	Total
	Freehold	Lease hold	on freehold land	on lease hold land						
(Rupees in '000)										
<b>Net carrying value basis</b>										
<b>Year ended December 31, 2021</b>										
Opening net book value	4,334	72,593	329,622	154,629	128,131	33,164	9,336	40,938	16,190	788,937
Additions	-	-	70,224	-	6,651	6,451	6,107	61,409	107,232	258,074
Disposals										
Cost	-	-	-	-	-	590	-	13,563	-	14,153
Accumulated depreciation	-	-	-	-	-	(524)	-	(13,563)	-	(14,087)
Depreciation charge	-	(824)	(11,064)	(4,568)	(23,125)	(5,826)	(5,230)	(29,417)	(3,232)	(83,286)
Closing net book value	4,334	71,769	388,782	150,061	111,657	33,723	10,213	72,930	120,190	963,659
<b>Gross carrying value basis</b>										
<b>At December 31, 2021</b>										
Cost	4,334	81,599	503,442	182,719	429,626	64,416	43,754	183,739	141,643	1,635,272
Accumulated depreciation	-	(9,830)	(114,660)	(32,658)	(317,969)	(30,693)	(33,541)	(110,809)	(21,453)	(671,613)
<b>Net book value</b>	<b>4,334</b>	<b>71,769</b>	<b>388,782</b>	<b>150,061</b>	<b>111,657</b>	<b>33,723</b>	<b>10,213</b>	<b>72,930</b>	<b>120,190</b>	<b>963,659</b>
<b>Net carrying value basis</b>										
<b>Year ended December 31, 2020</b>										
Opening net book value	4,334	73,417	340,452	156,016	147,926	35,383	7,287	59,677	13,443	837,935
Additions	-	-	-	3,135	5,510	4,459	7,159	19,415	5,310	44,988
Disposals										
Cost	-	-	-	-	2,956	3,320	501	23,027	948	30,752
Accumulated depreciation	-	-	-	-	(2,062)	(2,269)	(481)	(10,350)	(751)	(15,913)
Depreciation charge	-	(824)	(10,830)	(4,522)	(24,411)	(5,627)	(5,090)	(25,477)	(2,366)	(79,147)
Closing net book value	4,334	72,593	329,622	154,629	128,131	33,164	9,336	40,938	16,190	788,937
<b>Gross carrying value basis</b>										
<b>At December 31, 2020</b>										
Cost	4,334	81,599	433,218	182,719	422,975	58,555	37,647	135,893	34,411	1,391,351
Accumulated depreciation	-	(9,006)	(103,596)	(28,090)	(294,844)	(25,391)	(28,311)	(94,955)	(18,221)	(602,414)
<b>Net book value</b>	<b>4,334</b>	<b>72,593</b>	<b>329,622</b>	<b>154,629</b>	<b>128,131</b>	<b>33,164</b>	<b>9,336</b>	<b>40,938</b>	<b>16,190</b>	<b>788,937</b>

3.1.1 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
J6CV - 58 , 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

### 3.2 CAPITAL WORK-IN-PROGRESS

	2021				2020			
	Balance as at January 1, 2021	Additions - Note 3.2.1	Transfers	Balance as at December 31, 2021	Balance as at January 1, 2020	Additions during the year	Transfers	Balance as at December 31, 2020
(Rupees in '000)								
Civil works	147,236	14,061	(59,780)	101,517	115,754	31,482	-	147,236
Factory equipment and tools	71,713	35,782	(105,543)	1,952	77,272	793	(6,352)	71,713
Advances to suppliers	56,929	33,755	(50,305)	40,379	33,474	56,929	(33,474)	56,929
<b>Total</b>	<b>275,878</b>	<b>83,598</b>	<b>(215,628)</b>	<b>143,848</b>	<b>226,500</b>	<b>89,204</b>	<b>(39,826)</b>	<b>275,878</b>

**3.2.1** These include expenditure incurred mainly in respect of construction of Quality Lab amounting to Rs. 36 million in Dera Ghazi Khan Plant.

### 3.3 INTANGIBLE ASSETS

	Note	2021		2020	
		(Rupees in '000)			
<b>Net carrying value basis</b>					
Opening net book value		2,159		3,947	
Additions		699		577	
Amortisation		(1,560)		(2,365)	
Closing net book value		1,298		2,159	
<b>Gross carrying value basis</b>					
Cost		17,088		16,389	
Accumulated amortisation		(15,790)		(14,230)	
Net book value		1,298		2,159	
Average remaining useful life in years		1.2		0.8	

### 4. INVENTORIES

Raw materials and components – including in transit Rs. 307.74 million (2020: Rs. 243.49 million)

Less: Provision for obsolescence

	2021	2020
4.1	2,621,419	1,218,050
	(226,904)	(323,952)

	2,394,515	894,098
Work-in-process	104,727	550,987

Stores and spares

Less: Provision for obsolescence

	2021	2020
4.2	59,760	42,128
	(18,640)	(20,553)
	41,120	21,575

Finished goods – tractors, generators and implements

Less: Provision for obsolescence

	2021	2020
4.2	322,191	528,303
	(4,027)	(3,053)
	318,164	525,250

Trading stock – spare parts and implements

Less: Provision for obsolescence

	2021	2020
4.2	16,559	12,607
	-	-
	16,559	12,607

	2,875,085	2,004,517
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**4.1** The amount includes raw materials of Rs. 0.46 million (2020: Rs. 0.46 million) held by third parties.

### 4.2 Provision for obsolescence

#### (i) Raw material

Opening balance  
(Reversal) / Charge for the year  
Closing balance

	2021	2020
	(Rupees in '000)	
	323,952	276,204
	(97,048)	47,748
	226,904	323,952

#### (ii) Stores and spares

Opening balance  
(Reversal) / Charge for the year  
Closing balance

	20,553	5,231
	(1,913)	15,322
	18,640	20,553

#### (iii) Finished goods

Opening balance  
Charge / (reversal) for the year  
Closing balance

	3,053	7,268
	974	(4,215)
	4,027	3,053

## 5. TRADE RECEIVABLES

Unsecured  
Less: Provision against doubtful receivables

2021	2020
(Rupees in '000)	
7,477	2,157
(2,826)	(2,157)
4,651	-

5.1 As at December 31, the age analysis of trade receivables is as follows:

Not yet due  
6 to 12 months  
More than 1 year

Note	2021	2020
(Rupees in '000)		
	4,379	-
	2,109	-
	989	2,157
	7,477	2,157

## 6. LOANS AND ADVANCES – considered good

Loans to employees  
Advances to suppliers for goods and services

Note	2021	2020
6.1	4,282	3,425
	143,592	83,136
	147,874	86,561

6.1 These represent 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.

## 7. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS

LC margin against imports  
Prepayments  
Other deposits

Note	2021	2020
(Rupees in '000)		
7.1	89,957	13,248
	12,269	11,525
7.2	12,546	152
	114,772	24,925

7.1 This includes Rs. 66.63 million (2020: Rs. 0.29 million) being 100% cash margin on import of specified items kept with commercial banks in accordance with the requirements of Circular No. 02 of 2017 of Banking Policy & Regulations Department, State Bank of Pakistan.

7.2 These include deposit for tender money amounting to Rs. 12 million paid to Balochistan Forest department.

## 8. INTEREST ACCRUED

Mark-up accrued on bank deposits

Note	2021	2020
(Rupees in '000)		
	1,396	197

## 9. OTHER RECEIVABLES

Due from Workers' Profits Participation Fund  
Receivable from CNH Industrial N.V.  
Discount receivable  
Claims from suppliers  
Others

Note	2021	2020
9.1	3,447	1,194
9.2	4,632	4,632
	-	18
	-	2,152
	204	229
	8,283	8,225

## 9.1 Workers' Profits Participation Fund

	2021	2020
	(Rupees in '000)	
At beginning of the year	1,194	16,084
Allocation for the year	(224,102)	(103,780)
	(222,908)	(87,696)
Less: Amount paid during the year	226,355	88,890
	3,447	1,194

9.2 This represents receivable from related party, CNH Industrial N.V. (formerly CNH Global N.V.) against reimbursement of clearing, forwarding and transportation charges. The said receivable is outstanding for more than 1 year.

9.2.1 The maximum aggregate due from the related party at the end of any month during the year was Rs. 4.63 million.

## 10. REFUNDS DUE FROM THE GOVERNMENT

	Note	2021	2020
		(Rupees in '000)	
Sales tax		3,047,421	1,497,934
Less: Provision for Sales Tax	10.1	(63,975)	(47,087)
		2,983,446	1,450,847
Special excise duty	10.2	-	-
		2,983,446	1,450,847

10.1 During the year the Company has provided Rs. 13.7 million against sales tax claims having uncertain recovery.

### 10.2 Balance as at January 1

	2021	2020
	(Rupees in '000)	
Write offs	-	-
Provisions	(132,647)	(132,647)
Balance as at December 31	-	-

Special Excise Duty was levied on tractor components through Finance Act 2008 from July 2007 at the rate of 1% of the invoice value, which was subsequently discontinued in June 2011. This 1% was refundable in the same manner as normal sales tax refunds.

Due to non-routine processing of the SED refunds the outstanding balance kept accumulating to the tune of Rs. 263 million till September 2013.

The matter was then taken up with the Federal Tax Ombudsman (FTO), and an appeal in this regard was filed. FTO decided the matter in the Company's favor and directed FBR to process the unprocessed claim. Certain claims were processed and refund payment order (RPO) of Rs. 118 million was issued till December 2014.

During the year ended December 31, 2019, the Company re-assessed its assessment for recovery of Special excise duty recoverable since 2008 and after due consideration on a prudent basis a provision of Rs 132.6 million has been created against balance for special excise duty.

## 11. OTHER FINANCIAL ASSETS

	Note	2021	2020
		(Rupees in '000)	
Investment			
Held at amortised cost - Certificate of Investment		49,300	49,300
Less: Provision for impairment	11.1	(49,300)	(49,300)
		-	-

- 11.1** 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. 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.

In 2018, 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.

During the current year, the Company has received nil amount (2020: nil) from SPLC and are in consultation with their Legal Counsel for further action.

## 12. CASH AND BANK BALANCES

	Note	2021	2020
With banks on		(Rupees in '000)	
- Current accounts		135,187	75,923
- Savings and deposit accounts	12.1	1,793,613	120,597
Cash in hand		592	816
Demand drafts in hand		68,730	33,182
		<u>1,998,122</u>	<u>230,518</u>

- 12.1** At December 31, 2021, the mark-up rates on savings and deposit accounts range from 4% to 7.25% per annum (2020: 2.84% to 5.5% per annum).

## 13. SHARE CAPITAL

### 13.1 Authorised share capital

120,000,000 ordinary shares of Rs. 5 each  
(2020: 120,000,000 ordinary shares of Rs. 5 each)

2021	2020
(Rupees in '000)	
<u>600,000</u>	<u>600,000</u>

### 13.2 Issued, subscribed and paid-up capital

#### Ordinary shares of Rs. 5 each

2021	2020		2021	2020
(Rupees in '000)				
4,500,000	4,500,000	Shares allotted for consideration paid in cash	22,500	22,500
53,464,201	53,464,201	Shares allotted as bonus shares	267,321	267,321
<u>57,964,201</u>	<u>57,964,201</u>		<u>289,821</u>	<u>289,821</u>

- 13.3** All ordinary shares rank equally with regard to the Company's residual assets. Holders of these shares are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company.

- 13.4** As at December 31, 2021, 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 (2020: 28,992,705) and 43%, i.e., 25,022,379 (2020: 25,022,379) shares of Rs. 5 each respectively.

#### 14. DEFERRED TAX ASSET

Credit / (debit) balance arising on account of

- accelerated tax depreciation allowances
- deferred staff benefits - compensated absences
- provision for impairment on investment
- provision for slow moving inventories
- provision for doubtful receivables
- provision for Sales Tax
- provision others
- provision warranty
- provision for special excise duty

	2021	2020
	(Rupees in '000)	
	(85,887)	(72,357)
	14,185	13,364
	14,297	14,297
	62,941	73,231
	820	625
	18,553	13,655
	16,662	20,437
	5,514	10,036
	38,468	38,468
	<u>85,553</u>	<u>111,756</u>

14.1 Deferred tax asset has been recognised using the expected applicable rate of 29%.

#### 15. TRADE AND OTHER PAYABLES

- Creditors
- Accrued liabilities
- Accrued markup
- Deposits
- Taxes deducted at source
- Workers' Welfare Fund
- Payable to employees' provident fund
- Royalty payable to CNH Industrial N.V.
  - associated company
- Provision for warranty services
- Others

Note	2021	2020
	(Rupees in '000)	
15.1	238,111	270,351
	1,268,073	424,653
	-	15,025
15.2	73,279	69,079
	31,163	25,687
15.3	85,222	40,986
15.4	8,250	-
	98,279	106,147
15.5	19,012	34,607
	85,972	78,388
	<u>1,907,361</u>	<u>1,064,923</u>

15.1 These include amount payable to a related party, CNH Industrial N.V. (formerly CNH Global N.V.), amounting to Rs. 1.96 million against purchases made in prior year.

15.2 These include security deposits received from dealers / customers utilisable for the purpose of the business in accordance with requirements of written agreements, in terms of section 217 of the Companies Act, 2017.

#### 15.3 Workers' Welfare Fund

- At beginning of the year
- Allocation for the year

	2021	2020
	(Rupees in '000)	
	40,986	33,576
	88,206	43,900
	<u>129,192</u>	<u>77,476</u>
Less: Amount paid during the year	(43,970)	(36,490)
	<u>85,222</u>	<u>40,986</u>

15.4 All investments out of provident fund have been made in the in collective investment schemes, listed equity and listed debt securities in accordance with the provisions of section 218 of the Companies Act, 2017 and the rules formulated for the purpose.

**15.5 Provision for warranty services:**

Balance as at January 1, 2021  
 Recognised during the year  
 Expenses against provision  
 Balance as at December 31, 2021

	2021	2020
	(Rupees in '000)	
	34,607	-
	1,982	46,873
	(17,577)	(12,266)
	19,012	34,607

**16. CUSTOMERS' AND DEALER'S ADVANCES**

- 16.1** These represent amount received in advance from customers against performance obligations / sales made in subsequent periods i.e. sale of tractors, and carry no mark-up and are unsecured.
- 16.2** Revenue recognized during the year that was included in customers' and dealer's advances at the beginning of the year amounted to Rs 86.16 million.

**17. SHORT TERM FINANCING - under mark up / profit arrangement**

	Note	2021	2020
		(Rupees in '000)	
Islamic Finances	17.1 & 17.3	-	1,521,967
Conventional Finances	17.1 & 17.3	-	66,669
		-	1,588,636

- 17.1** The facility for running musharkah available from banks amounted to Rs. 2.5 billion (2020: 2.5 billion) out of which the amount unavailed at the year end was Rs 2.5 billion (2020: Rs 0.98 billion). Rates of profit ranges from one month KIBOR plus 0.4% (2020: three months KIBOR plus 0.05%) to three months KIBOR plus 0.25% (2020: one month KIBOR plus 0.4%) per annum.
- 17.2** The facility for running finance available from banks amounted to Rs. 1.5 billion (2020: 2.0 billion) out of which the amount unavailed at the year end was Rs 1.5 billion (2020: Rs 1.93 billion). Rates of mark-up ranges from one month KIBOR plus 0.5% (2020: three months KIBOR plus 0.05%) to three months KIBOR plus 1% (2020: three months KIBOR plus 0.1%) per annum.
- 17.3** The facilities for opening letters of credit and guarantees as at December 31, 2021 amounted to Rs. 2.45 billion (2020: Rs. 2.45 billion) out of which unutilised balance at year end amounted to Rs. 0.97 billion (2020: Rs 2.04 billion).

The above arrangements are secured by way of hypothecation of selected plant and machinery and pari-passu charge against hypothecation of Company's present and future current assets amounting to Rs. 5,334 million.

**18. COMMITMENTS**

Commitments for capital expenditure outstanding as at December 31, 2021 amounted to Rs. 153.84 million (2020: Rs. 151.15 million).

**19. REVENUE FROM CONTRACTS WITH CUSTOMERS**

	2021			2020		
	Tractors	Trading goods and others	Total	Tractors	Trading goods and others	Total
	(Rupees in '000)					
Local sales	21,695,106	202,446	21,897,552	12,583,533	105,647	12,689,180
Export sales	22,168	-	22,168	91,011	-	91,011
	21,717,274	202,446	21,919,720	12,674,544	105,647	12,780,191
Less:						
- Commission and incentives	(259,163)	(3,995)	(263,158)	(224,053)	(1,322)	(225,375)
- Sales tax	(1,040,622)	(37,034)	(1,077,656)	(597,217)	(22,427)	(619,644)
	(1,299,785)	(41,029)	(1,340,814)	(821,270)	(23,749)	(845,019)
	20,417,489	161,417	20,578,906	11,853,274	81,898	11,935,172

19.1. These financial statements do not include disclosure relating to IFRS 8 "Operating Segments" as the Company is considered to be a single operating segment.

**20. COST OF SALES**

	Note	2021	2020
(Rupees in '000)			
Manufactured goods			
Raw materials and components consumed	20.1	14,113,072	8,761,410
Salaries, wages and benefits		386,779	287,756
Charge for defined benefit plan		4,956	9,055
Charge for defined contribution plan		6,136	5,383
Stores and supplies		188,946	111,115
Royalty and technical fee		176,442	101,197
Insurance		5,026	3,921
Depreciation		38,061	37,225
Fuel, power and electricity		68,276	51,297
Inwards freight and transportation		6,668	3,219
Repairs and maintenance		66,636	27,147
Travelling, vehicle running and entertainment		7,115	5,287
Rent, rates and taxes		890	1,004
Communication		410	352
Printing and stationery		2,576	1,041
Others		7,417	7,762
Opening stock of work-in-process		550,987	125,256
Closing stock of work-in-process		(104,727)	(550,987)
Cost of goods manufactured		15,525,666	8,988,440
Opening stock of finished goods		525,250	648,957
Closing stock of finished goods		(318,164)	(525,250)
		15,732,752	9,112,147
Trading goods			
Opening stock		12,607	9,836
Purchases		128,878	59,784
		141,485	69,620
Closing stock		(16,559)	(12,607)
		124,926	57,013
		15,857,678	9,169,160

20.1 During the year, the Company has received three show cause notices from Collector of Customs (Adjudication - I) for recovery of duty and taxes amounting to Rs. 115 million in respect of imports made during past years. Subsequently the Collector of Customs (Adjudication - I) through an order has decided these notices by upholding the charges leveled in the notices. The Company has filed appeals in the Customs Appellate Tribunal against order. The Company, based on the legal advisor's opinion, is confident that outcome of the appeals would be in the Company's favour. Further, in case of a similar matter, raised by the Custom authorities, the show cause notice was issued and subsequently vacated in favour of the Company in the year 2021.

## 21. DISTRIBUTION EXPENSES

Note	2021	2020
	(Rupees in '000)	
	73,563	61,104
	2,871	2,751
	2,673	2,166
	988	159
	670	(8,817)
	9,613	10,784
	2,788	1,948
	12,665	13,123
	1,056	472
	2,961	2,546
	2,043	1,988
	5,016	8,095
	6,436	12,142
	1,982	46,873
	(10,945)	61,417
	3,591	1,887
	1,237	2,222
	1,423	1,044
	<u>120,631</u>	<u>221,904</u>

## 22. ADMINISTRATIVE EXPENSES

		169,123	203,153
		8,396	8,654
		7,077	5,818
		829	547
		37,172	33,503
		9,486	7,143
		9,370	4,450
		2,050	1,163
		9,099	8,529
	22.1	17,043	6,848
		14,233	12,132
	22.2	6,419	3,449
		189	1,435
		56,278	21,865
		1,488	528
	22.3	129	127
		5,468	3,331
		<u>353,849</u>	<u>322,675</u>

22.1 This includes fees paid to directors amounting Rs. 7.72 million (2020: Rs. 2.06 million).

### 22.2 Auditors' remuneration

	2021	2020
	(Rupees in '000)	
Audit fee	2,000	1,800
Fee for limited review of half yearly financial statements	500	400
Certification for compliance with Code of Corporate Governance, certifications for government and other agencies and other services	3,372	490
Out of pocket expenses	547	759
	<u>6,419</u>	<u>3,449</u>

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

23. OTHER INCOME	2021	2020
	(Rupees in '000)	
<b>Income from financial assets</b>		
Return on savings and deposit accounts	91,060	40,618
<b>Income from other assets</b>		
Scrap sales	46,157	14,822
Profit on disposal of fixed assets	2,749	777
Others	6,091	2,581
	54,997	18,180
	146,057	58,798
<b>24. OTHER EXPENSES</b>		
Workers' Profits Participation Fund	224,102	103,780
Workers' Welfare Fund	88,206	43,900
(Reversal) / Charge of provision against slow moving and obsolete inventories	(97,987)	58,855
	214,321	206,535
<b>25. FINANCE COSTS</b>		
Bank charges and commission	1,118	1,824
Mark up on islamic financing	7,557	98,529
Mark up on running finance	79	45,436
	8,754	145,789
<b>26. INCOME TAX EXPENSE</b>		
Current		
- for the year	1,188,632	594,611
- prior year (reversal) / charge	(2,967)	8,307
Deferred	26,203	(24,668)
	1,211,868	578,250
<b>26.1 Relationship between tax expense and accounting profit:</b>		
Accounting profit before tax	4,169,730	1,927,907
Tax at applicable rate of 29% (2020: 29%)	1,209,222	559,093
Effect of final tax on exports	(1,116)	(3,633)
Prior year tax (reversal) / charge	(2,967)	8,307
Others	6,729	14,483
	1,211,868	578,250
Effective rate (percentage)	29%	30%
<b>27. EARNINGS PER SHARE - Basic and diluted</b>		
Profit after taxation attributable to ordinary shareholders (Rupees in thousand)	2,957,862	1,349,657
Weighted average number of shares in issue during the year (in thousand)	57,964	57,964
Basic and diluted earnings per share (Rupees)	51.03	23.28

**27.1** A diluted earnings per share has not been presented as the Company does not have any convertible instruments in issue as at December 31, 2021 and 2020 which would have any effect on the earnings per share if the option to convert exercised.

**28. CASH GENERATED FROM OPERATIONS**

	2021	2020
	(Rupees in '000)	
Profit before income tax	4,169,730	1,927,907
Add / (less): Adjustment for non-cash charges and other items		
Depreciation and amortisation	84,846	81,512
Retirement benefits charge	16,223	20,460
Gain on disposal of fixed assets	(2,749)	(777)
Return on bank deposits	(91,060)	(40,618)
Mark up on running finance	7,636	143,965
	4,184,626	2,132,449
Effect on cash flow due to working capital changes		
(Increase) / decrease in current assets		
Inventories	(870,568)	782,376
Trade receivables	(4,651)	9,624
Loans and advances	(61,313)	6,655
Trade deposits and short-term prepayments	(89,847)	(17,527)
Other receivables	(58)	99,909
Refunds due from the Government	(1,532,599)	(677,513)
	(2,559,036)	203,524
Increase in current liabilities		
Trade and other payables	857,463	463,471
Customers' and dealers' advances	3,365,228	79,621
	1,663,655	746,616
	5,848,281	2,879,065

**29. CASH AND CASH EQUIVALENTS**

Cash in hand	592	816
At banks in		
- Current accounts	135,187	75,923
- Savings and deposit accounts	1,793,613	120,597
	1,928,800	196,520
Demand drafts in hand	68,730	33,182
Short term financing - note 17	-	(1,588,636)
	1,998,122	(1,358,118)

**30. EMPLOYEE BENEFIT OBLIGATIONS**

**30.1** As stated in note 2.11 (ii) 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, 2021.

**30.2** Plan assets held in trusts are governed by local regulations which mainly include Trust Act, 1882 (which is now repealed, and Provincial Trust Acts are promulgated in September 2020), Companies Act, 2017, Income Tax Rules, 2002 and Rules under the Trust deeds of the Plans. Responsibility for governance of the Plans, including investment decisions and contribution schedules, rests with the Board of Trustees. The Company appoints the trustees and all trustees are employees of the Company.

### 30.3 Risks on account of defined benefit plan

The Company faces the following risks on account of defined benefit plan:

**Final Salary risk** - The risk that the final salary at the time of cessation of service is greater than what the Company has assumed. Since the benefit is calculated on the final salary, the benefit amount would also increase proportionately.

**Asset volatility** - Most assets are invested in short term savings accounts. However, instruments in Open-ended Mutual Funds is subject to adverse fluctuation as a result of change of market price.

**Discount rate fluctuation** - The plan liabilities are calculated using discount rate set with reference to market yields on government bonds. A decrease in market yields on government bonds will increase plan liabilities.

**Investment risks** - The risk of the investment underperforming and not being sufficient to meet the liabilities. The risk is mitigated by closely monitoring the performance of plan investments.

**Risk of insufficiency of assets** - This is managed by making regular contribution to the fund as advised by the actuary.

**30.4** The latest actuarial valuation of the Plan as at December 31, 2021 was carried out using the Projected Unit Credit Method. Details of the Fund as per the actuarial valuation are as follows:

30.5 Statement of financial position reconciliation as at December 31	Note	2021	2020
		(Rupees in '000)	
Present value of defined benefit obligation	30.6	247,409	207,226
Fair value of plan assets	30.7	(255,890)	(243,423)
		(8,481)	(36,197)
<b>30.6 Movement in present value of defined benefit obligation</b>			
Obligation as at January 1		207,226	258,137
Current service cost		21,732	20,393
Interest expense		18,225	24,274
Remeasurement on obligation		21,596	(39,065)
Benefits paid		(21,370)	(56,513)
Obligation as at December 31		247,409	207,226
<b>30.7 Movement in the fair value of plan assets</b>			
Fair value as at January 1		243,423	206,938
Interest income		23,734	24,210
Remeasurement on plan assets		(11,267)	(4,317)
Employer contributions		21,370	73,105
Benefits paid		(21,370)	(56,513)
Fair value as at December 31		255,890	243,423
<b>30.8 Expense recognised in statement of profit or loss</b>			
Current service cost		21,732	20,393
Interest (income) / expense - net		(5,509)	64
		16,223	20,457
<b>30.9 Remeasurement recognised in other comprehensive income</b>			
Experience losses		(21,596)	39,065
Remeasurement of fair value of plan assets		(11,267)	(4,317)
Remeasurements		(32,863)	34,748

### 30.10 Net recognised (asset) / liability

	2021	2020
	(Rupees in '000)	
Balance as at January 1	(36,197)	51,199
Expense for the year	16,223	20,457
Employer contributions	(21,370)	(73,105)
Remeasurement recognised in other comprehensive income	32,863	(34,748)
Balance as at December 31	(8,481)	(36,197)

### 30.11 Composition of plan assets:

	2021		2020	
	(Rupees in '000)	%	(Rupees in '000)	%
Term deposits	-	0.00	151,157	62.10
Cash at bank	178,776	69.86	19,823	8.14
Mutual Funds	77,114	30.14	72,443	29.76
	255,890	100.00	243,423	100.00

### 30.12 Actuarial assumptions

	2021	2020
Expected rate of increase in salaries		
- Management staff		
- Short-term - 1 year	10.50%	9.75%
- Long-term - more than 1 year	10.50%	9.75%
- Non-management staff		
- Short-term - 1 year	10.50%	9.75%
- Long-term - more than 1 year	10.50%	9.75%
Discount factor used	10.50%	9.75%

**30.13** Pre-Retirement mortality was assumed to be SLIC (2001-05) for males and females, as the case may be, but rated down one year.

**30.14** The Company ensures asset / liability matching by investing in short-term deposits and does not use derivatives to manage its risk.

**30.15** The expected return on plan assets has been determined by considering the expected returns available on the assets underlying the current investment policy.

### 30.16 Sensitivity analysis for actuarial assumptions

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

	Impact on defined benefit obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
	(Rupees in '000)		
Discount rate at December 31	1%	(26,574)	885
Future salary increases	1%	1,864	(27,684)

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.

30.17 Historical information	2021	2020	2019	2018	2017
	(Rupees in '000)				
As at December 31					
Present value of defined benefit obligation	247,409	207,226	258,137	180,396	149,317
Fair value of plan assets	<u>(255,890)</u>	<u>(243,423)</u>	<u>(206,938)</u>	<u>(158,794)</u>	<u>(139,310)</u>
(Surplus) / deficit	<u>(8,481)</u>	<u>(36,197)</u>	<u>51,199</u>	<u>21,602</u>	<u>10,007</u>
Experience adjustments					
Gain / (loss) on obligation	(21,596)	39,065	(50,016)	(15,719)	(2,694)
Loss on plan assets	<u>(11,267)</u>	<u>(4,317)</u>	<u>(2,172)</u>	<u>(5,183)</u>	<u>(6,763)</u>
	<u>(32,863)</u>	<u>34,748</u>	<u>(52,188)</u>	<u>(20,902)</u>	<u>(9,457)</u>

**30.18** 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.

**30.19** The expected return on plan assets was determined by considering the expected returns available on the assets underlying the current investment policy.

As per actuarial advice, the Company is expected to contribute Rs. 20.57 million towards gratuity fund in 2021 (2020: Rs. 5.33 million).

The actuary conducts separate valuations for calculating contribution rates and the Company contributes to the gratuity fund according to the actuary's advice. Expense of the defined benefit plan is calculated by the actuary.

**30.20** The weighted average duration of non-management employees is 32.35 years and of management employees is 8.88 years.

**30.21** Expected maturity analysis of undiscounted retirement benefit plan.

At December 31, 2021	Less than a year	Between 1 2 years	Between 2 5 years	Between 5 10 years	Over 10 years	Total
Retirement benefit plan	36,731	38,200	101,250	104,267	349,327	629,775

## 31. RELATED PARTY TRANSACTIONS

**31.1** The related parties comprise related group companies, staff retirement benefits, directors, key management personnel and close members of the family of directors and key management personnel. The Company in the normal course of business carries out transactions with various related parties.

Transactions with related parties are as follows:

Nature of relationship	Nature of transactions	2021	2020
		(Rupees in '000)	
<b>i. Holding company</b>			
Al-Futtaim Industries Company (LLC)	Dividend paid	620,154	-
<b>ii. Associate company</b>			
CNH Industrial N.V. (formerly CNH Global N.V.)	Dividend paid	535,229	-
	Royalty paid	159,981	45,663
	Royalty charge	153,102	101,197
<b>iii. Other related parties</b>			
Al-Ghazi Tractors Limited	Purchases of services	-	15,779
Staff Provident Fund	Contribution paid	8,753	13,367
Al-Ghazi Tractors Limited			
Employees' Gratuity Fund	Contribution paid	21,370	73,105
Key management personnel *	Salaries and other employee benefits	109,849	113,120
	Retirement benefits	4,317	6,956

\*Key management personnel includes CEO, CFO and all Head of the Departments.

The outstanding balances of related parties as at December 31, 2021 are included in trade and other payables and other receivables respectively. These are settled in the ordinary course of business.

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

S. No.	Name of Related Party	Relationship	Direct Share Holding %
1	Al-Futtaim Industries Company (LLC)	Parent	50.02%
2	CNH Industrial N.V. (formerly CNH Global N.V.)	Associate	43.17%

**31.2.1** Al-Futtaim Industries Company (LLC) is a Company incorporated in Dubai.

**31.2.2** CNH Industrial N.V. (formerly CNH Global N.V.) is a Company incorporated in the Netherlands.

### 32. 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		Director		Executives	
	2021	2020	2021	2020	2021	2020
	(Rupees in '000)					
Managerial remuneration	37,651	32,761	12,107	9,642	41,277	19,743
Bonus	-	-	-	-	1,260	-
House rent	11,395	10,442	-	-	13,847	7,124
Utilities	1,266	2,018	-	-	3,077	1,583
Retirement benefits	4,643	4,258	-	-	5,872	2,890
Leave passage	4,980	17,983	-	3,147	5,865	3,455
	<u>59,935</u>	<u>67,462</u>	<u>12,107</u>	<u>12,789</u>	<u>71,198</u>	<u>34,795</u>
Number of persons	<u>1</u>	<u>2</u>	<u>1</u>	<u>2</u>	<u>15</u>	<u>8</u>

- The Chief Executive and Executives are also provided with Company maintained cars and are entitled to medical benefits and club subscription in accordance with their entitlements.
- Director is also provided with Company maintained car and furnished house in accordance with his entitlements. Furthermore, the Director is entitled to other remuneration which is borne by the Parent Company therefore, it is not included here.
- Aggregate amount charged to statement of profit or loss for the year in respect of fee to director was Rs. 7.72 million (2020: Rs. 2.06 million).

### 33. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

#### 33.1 Financial risk factors

The Company's activities expose it to variety of financial risks namely market risks (including interest rate risk, currency risk and other price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on having cost effective funding as well as manage financial risk to minimise earnings volatility and provide maximum return to shareholders.

### 33.2 Financial assets and liabilities by category and their respective maturities

	Interest / mark-up bearing			Non interest bearing			Total
	Maturity up to one year	Maturity after one year	Sub-total	Maturity up to one year	Maturity after one year	Sub-total	
<b>FINANCIAL ASSETS</b>							
(Rupees in '000)							
Loans and receivables							
Loans and advances	-	-	-	4,282	1,927	6,209	6,209
Deposits	-	-	-	102,503	9,407	111,910	111,910
Trade receivables	-	-	-	4,651	-	4,651	4,651
Other receivables	-	-	-	204	-	204	204
Cash and bank balances	1,793,613	-	1,793,613	204,509	-	204,509	1,998,122
<b>2021</b>	1,793,613	-	1,793,613	316,149	11,334	327,483	2,121,096
2020	120,597	-	120,597	113,575	4,941	118,516	239,113
<b>FINANCIAL LIABILITIES</b>							
At amortised cost							
Trade and other payables	-	-	-	1,771,964	-	1,771,964	1,771,964
Unclaimed dividend	-	-	-	72,041	-	72,041	72,041
<b>2021</b>	-	-	-	1,844,005	-	1,844,005	1,844,005
2020	1,588,636	-	1,588,636	1,036,019	-	1,036,019	2,624,655
Off balance sheet items							
Financial commitments:							
Contracts for capital expenditure							153,843
Letters of credit and guarantee							1,476,970
<b>2021</b>							1,630,813
2020							557,975

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

#### (i) 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. 2121.1 million (2020: Rs. 239.11 million) the financial assets exposed to the credit risk amount to Rs. 2051.77 million (2020: Rs. 205.12 million) which mainly comprise of balances with banks.

The Company places surplus funds with various reputed banks having credit ratings ranging from "A-1" to "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 Taraqati 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, 2021, 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.

## (ii) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulties in meeting obligations associated with financial liabilities. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

The Company's liquidity management involves projecting cash flows and considering the level of liquid assets necessary to meet these monitoring statement of financial position liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans. The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements

	2021				
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	One to five years
<b>Financial liabilities</b>	(Rupees in '000)				
Trade and other payables	1,771,964	(1,771,964)	(1,771,964)	-	-
Unclaimed dividend	72,041	(72,041)	(72,041)	-	-
	1,844,005	(1,844,005)	(1,844,005)	-	-
	2020				
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	One to five years
<b>Financial liabilities</b>	(Rupees in '000)				
Trade and other payables	963,643	(963,643)	(963,643)	-	-
Unclaimed dividend	72,376	(72,376)	(72,376)	-	-
Short term financing	1,588,636	(1,588,636)	(1,588,636)	-	-
	2,624,655	(2,624,655)	(2,624,655)	-	-

## (iii) Market risk

### a) Currency risk

Currency risk is the risk that the fair value or future cash flow of the financial instruments, will fluctuate because of changes in foreign currency rates. Foreign currency risk arises mainly where receivables and payables exist due to foreign currency transactions. At December 31, 2021 trade and other payables exposed to foreign currency risk amount to Rs. 217.57 million (2020: Rs. 13.11 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. 8.70 million (2020: Rs. 0.52 million), mainly as a result of foreign exchange losses / gains on settlement of US Dollar denominated trade payables.

The sensitivity of foreign exchange rate looks at the outstanding foreign exchange balances of the Company only as at the statement of financial position date and assumes this is the position for the year. The volatility percentages for movement in foreign exchange rates have been used due to the fact that historically (five years) rates have moved on average basis by the mentioned percentage per annum.

## 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, 2021, the Company's interest bearing financial assets amounted to Rs. 1793.61 million (2020: Rs. 120.6 million) 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. 17.94 million (2020: Rs. 1.21 million) as a result of lower / higher interest income on savings and deposit accounts.

## c) Price risk

Price risk is the risk that fair value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the fund or its management company.

There is no exposure to price risk as at December 31, 2021 as the Company does not hold any financial assets subject to price risk.

## (iv) Fair values of the financial instruments

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

## 34. 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.

The Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders or issue new shares.

## 35. PLANT CAPACITY AND PRODUCTION

Plant capacity (single shift) - units

Actual production - units

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

2021	2020
30,000	30,000
17,120	12,654

## 36. NUMBER OF EMPLOYEES

36.1 Number of employees including contractual employees at 31 December

36.2 Average number of employees including contractual employees during the year

393	402
392	414

## 37. SUBSEQUENT EVENTS

The Board of Directors in their meeting held on 12th April 2022 have proposed a final cash dividend of Rs. 51.03 per share amounting to Rs. 2,957.86 million (2020: Rs. 21.39 per share amounting to Rs. 1,239.85 million) subject to approval of the Company in the forthcoming annual general meeting.

### 38. CORRESPONDING FIGURES

Corresponding figures have been reclassified / rearranged, wherever necessary for better presentation. Except for the following reclassification, no other major reclassifications have been made during the year:

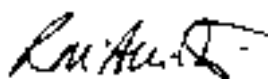
	2020
Reclassified Customers' and dealer's advances from trade and other payables to separate line item.	(Rupees in '000) 123,304

### 39. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on 12th April 2022 by the Board of Directors. The directors have the power to amend and reissue the financial statements.



Acting Chief Executive



Director



Chief Financial Officer



# PRODUCT

NH - GHAZI (65Hp)



NH -640 (75 HP)



# PORTFOLIO

NH - 480 (55 HP)



NH -70-56 4WD (85 HP)



NH -DABUNG (85 HP)



# NH -DABUNG (85 HP)

## Power Steering

Engine Power	85 HP
Operating Weight	2,865 kg
Number of Cylinders	4
Bore and stroke	104 x 115 mm
Piston Displacement	3,908 cc
Max. Power	@2600 RPM 85 HP
Max. Torque	@1600rpm 29.7kgm
Pump	Distribution type fuel injection pump with Mechanical speed governor.
Battery	12 Volts 107 Ah
Air Filter	Oil Bath with pre cleaner
Fuel Filter	02 replaceable cartridges
Fuel Tank Capacity	65 Liters
Transmission	Gear box with constant-mesh gears 8 forward and 2 reverse speeds
Brakes	Oil immersed disc Brakes
Brakes Parking	Manual lever on right hand side of operator
Steering	Hydraulic Power Steering capacity 1.8 liters with complete filtering system.
Driver's Seat	Fully upholstered with parallelogram suspension, and adjustable foot step for ease
Power Take-off	540 rpm (1318" – 6 Spline Shaft) @ 2160 Engine RPM.
Hyd. Pump	Gear type pump driven from engine.
Pump Capacity	26.7 L/min
Maximum Lifting Capacity	2,150kg
Tyre Front	7.50 -16
Tyre Rear	18.4/ 15-30
D.T.O	Hight speed 35mm dia / same speed as engine



## NH -70-56 4WD (85 HP)

### 4x4 Lift-O-Matic Hydrostatic Power Steering

Engine Power	85 HP
Operating Weight	2,600 kg
Number of Cylinders	4
Bore and stroke	104 x 115 mm
Piston Displacement	3908 cc
Max. Power	85 HP
Max. Torque	@1500rpm 27kgm
Pump	Distribution Injection type pump with Mechanical and Hydraulic speed governor
Battery	12 Volts 110/ 120 Ah
Air Filter	Oil Bath with pre cleaner and Semi-automatic dust unloader
Fuel Filter	02 replaceable cartridges
Fuel Tank Capacity	61.01 Liters
Transmission	Gearbox with constant-mesh gears Synchromesh on 3rd, 4th, 7th & 8th speeds
Brakes	Oil immersed multi disc type, Brakes actuation Hydraulic
Brakes Parking	With hand control lever and flashing warning light
Steering	Hydrostatic Power Independent circuit
Driver's Seat	De luxe with parallelogram suspension and Hydraulic shock absorber, adjustable to driver's weight
Power Take-off	540 rpm(1750 Engine RPM)
Pump Capacity	34.5 L/min
Maximum Lifting Capacity	2,200Kg
Tyre Front	12.4/ 11-24
Tyre Rear	18.4/ 15-30



## NH -640 (75 HP)

### Power Steering

Engine Power	75 HP
Operating Weight	2,070 kg
Number of Cylinders	4
Bore and stroke	100 x 115 mm
Piston Displacement	3613 cc
Max. Power	@2500 RPM 75 HP
Max. Torque	@1500rpm 22.5kgm
Pump	Distribution Injection type pump with Mechanical speed governor
Battery	12 Volts 110/ 120 Ah
Air Filter	Oil Bath with pre cleaner and Semi-automatic dust unloader
Fuel Filter	02 replaceable cartridges
Fuel Tank Capacity	54Liters
Transmission	Gearbox with constant-mesh gears 8forward and 2 reverse speeds Synchronesh on 3rd, 4th, 7th & 8th speeds
Brakes	Service dry band type with mechanical control, oil immersed disc Brakes
Brakes Parking	With hand lever on right hand side of operator
Steering	Hydraulic Power with independent oil pump of flow capacity 12 litres / min and separate oil tank capacity 1.8 liters with complete filtering system.
Driver's Seat	Fully upholstered with parallelogram suspension, and adjustable to driver's weight.
Power Take-off	540 rpm ( 1318 * – 6 Spline Shaft) @ 2160 Engine RPM.
Hyd. Pump	Gear type pump driven from engine.
Pump Capacity	24.8 L/min
Maximum Lifting Capacity	1,650kg
Tyre Front	7.5/ 16
Tyre Rear	16.9/ 14-30
D.T.O	Speed same as engine – Anti clock wise



## NH - GHAZI (65Hp)

### Power Steering

Engine Power	65 HP
Operating Weight	1,770 kg
Number of Cylinders	3
Bore and stroke	104 x 115 mm
Piston Displacement	2931 cc
Max. Power	2500 RPM 65 HP
Max. Torque	@1500rpm 19.0 Kgm
Pump	Distribution Injection type pump with Mechanical speed governor
Battery	12 Volts 90 /95Ah
Air Filter	Oil Bath with pre cleaner and Semi-automatic dust unloader
Fuel Filter	02 replaceable cartridges
Fuel Tank Capacity	54Liters
Transmission	Gearbox with constant-mesh gears 8 forward and 2 reverse speeds Synchronesh on 3rd, 4th, 7th & 8th speeds
Brakes	Service dry band type with mechanical control, oil immersed disc Brakes
Brakes Parking	With hand lever on right hand side of operator
Steering	Hydraulic Power with independent oil pump of flow capacity 12 litres / min and separate oil tank capacity 1.8 liters with complete filtering system.
Driver's Seat	Fully upholstered with parallelogram suspension, and adjustable to driver's weight.
Power Take-off	540 rpm (1318 ~ 6 Spline Shaft) @ 2160 Engine RPM.
Hyd. Pump	Gear type pump driven from engine
Pump Capacity	22.7 L/min
Maximum Lifting Capacity	1,650kg
Tyre Front	6.0 / 16
Tyre Rear	14.9/ 13-28
D.T.O	Speed same as engine – Anti clockwise



## NH - 480 (55 HP)

Engine Power	55 HP
Operating Weight	1,710 kg
Number of Cylinders	3
Bore and stroke	100 x 115 mm
Piston Displacement	2710 cc
Max. Power	2500 RPM 55 HP
Max. Torque	@1500rpm 16.5kgm
Pump	Distribution Injection type pump with Mechanical speed governor
Battery	12 Volts 90/ 95 Ah
Air Filter	Oil Bath with pre cleaner and Semi-automatic dust unloader
Fuel Filter	02 replaceable cartridges
Fuel Tank Capacity	54 Liters
Transmission	Gearbox with constant-mesh gears: 8 forward and 2 reverse speeds Synchronesh on 3rd, 4th, 7th & 8th speeds
Brakes	-Service dry band type with mechanical control
Brakes Parking	With hand lever on right hand side of operator
Steering	Manual, Recirculating ball type, Centre lever Joint to lubricated for life .
Driver's Seat	Fully upholstered with parallelogram suspension, and adjustable to driver's weight.
Power Take-off	540 rpm (1318 * - 6 Spline Shaft) @ 2160 Engine RPM.
Hyd. Pump	Gear type pump driven from engine.
Pump Capacity	22.7 L/min
Maximum Lifting Capacity	1,450kg
Tyre Front	6.0 / 16
Tyre Rear	12.4/ 11-28
D.T.O	Speed same as engine – Anti clockwise



## GLOSSARY

TERM	DEFINITION
AGM	Annual General Meeting
AGTL	Al-Ghazi Tractors Limited
CAGR	Cumulative Annual Growth Rate
CBA	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
Hp	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 Taraqati Bank Limited



# INVESTOR FEEDBACK FORM

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 Phase I,  
Off. Korangi Road, Karachi.

Comment / Query : \_\_\_\_\_

\_\_\_\_\_

Name : \_\_\_\_\_

Permanent Mailing Address : \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Contact Numbers (Tel) : \_\_\_\_\_

(Fax) : \_\_\_\_\_

Email : \_\_\_\_\_

Name of Company (If Applicable) : \_\_\_\_\_

Designation (If Applicable) : \_\_\_\_\_

Company Address : \_\_\_\_\_

(If Applicable) \_\_\_\_\_

\_\_\_\_\_



**FAMCO ASSOCIATES (PVT) LTD.**

8-F, Near Hotel Faran, Nursery  
 Block 6, P.E.C.H.S.  
 Shakra-e-Faisal  
 Karachi.

**Date:**

Dear Sirs,

**ELECTRONIC CREDIT MANDATE FORM (MANDATORY)**

I hereby communicate to receive my future dividends directly in my bank account as detailed below:

Name of share-holder/certificate-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 : -----

It is stated that the above particulars given by me are correct and to the best of my knowledge; I shall keep the Company/Modaraba informed in case of any changes in the said particulars in future.

---

 Shareholder/Certificate-holder's Signature
**Notes and Instructions:**

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



## FORM OF PROXY

I / We \_\_\_\_\_

of \_\_\_\_\_

a member(s) of AI-Ghazi Tractors Limited and holding \_\_\_\_\_

ordinary shares, as per Register Folio \_\_\_\_\_

hereby appoint \_\_\_\_\_

of \_\_\_\_\_

or failing him \_\_\_\_\_

of \_\_\_\_\_

to vote for me/us and on my/our behalf at the Annual General Meeting of AI-Ghazi Tractors Limited to be held on 17th May 2022 at 04:00 pm at Karachi as well as through video-link arrangement.

Signed on this \_\_\_\_\_ day of \_\_\_\_\_, 2022 in the presence of:

1. Signature \_\_\_\_\_

Name \_\_\_\_\_

Address \_\_\_\_\_

CNIC or Passport No. \_\_\_\_\_

2. Signature \_\_\_\_\_

Name \_\_\_\_\_

Address \_\_\_\_\_

CNIC or Passport No. \_\_\_\_\_

Signature of  
member(s)  
across  
Revenue Stamp  
of Rs. 5/-

### *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 his attorney 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.

Fold Here

AFFIX  
CORRECT  
POSTAGE

The Company Secretary  
Al-Ghazi Tractors Limited  
Tractor House, 102-B,  
16th East Street, DHA Phase I,  
Off. Korangi Road, Karachi.

Fold Here

Fold Here



Fold Here

درست رقم کا ٹکٹ  
چسپاں کریں

کمپنی سیکریٹری  
الغازی ٹریڈرز لمیٹڈ،  
ٹریڈرز ہاؤس، B-102،  
16 ایسٹ اسٹریٹ، ڈی ایچ اے فیز 1،  
کورنگی روڈ، کراچی۔

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Fold Here

**REGISTERED AND HEAD OFFICE**

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

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

Email: [agtl@alghazitractors.com](mailto:agtl@alghazitractors.com) | Website: [www.alghazitractors.com](http://www.alghazitractors.com)



QUALITY MANAGEMENT-BRAND STRENGTH

**AL-GHAZI TRACTORS LTD**