



AL-GHAZI TRACTORS LTD

EVOLVING FOR A BETTER FUTURE
annual report 2019





EVOLVING FOR A BETTER FUTURE

Building on our strengths and standing resilient to turbulent times by creating ownership towards our mission and shared goals is our hallmark.

We remain focused on enhancing our quality standards, value added services, processes and skill base to bring customer centricity and shareholders' values more closer to the heart of all our actions.



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Company Information

BOARD OF DIRECTORS

Mr. Bernd Erich Schwendtke
Non-Executive Chairman

Mr. Richard Kassaby
Non-Executive Director

Mr. Mohammad Shahid Hussain
CEO & Managing Director

Ms. Farah Qureshi
Independent
Non-Executive Director (Nominated)

Mr. Andrea Trabacchin
Non-Executive Director

Mr. Vincent Delassagne
Non-Executive Director

Mr. Matthieu Sejourne
Non-Executive Director

AUDIT COMMITTEE

Mr. Bernd Erich Schwendtke
Member, Non-Executive Director

Mr. Richard Kassaby
Non-Executive Director

Mr. Andrea Trabacchin
Member, Non-Executive Director
Further: Casual Vaccumancy Exist

HUMAN RESOURCE AND REMUNERATION COMMITTEE

Mr. Bernd Erich Schwendtke
Member, Non-Executive Director

Mr. Malik Ehtisham Ikram
Member, Executive Director & CFO

Mr. Vincent Delassagne
Member, Non-Executive Director

Further: Casual Vaccumancy Exist

COMPANY SECRETARY

Mr. Muhammad Babar Khan

CHIEF INTERNAL AUDITOR

Syed Faisal Bin Maaz

SHARE REGISTRAR

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

AUDITORS

A.F. Ferguson & Co.
Chartered Accountants
Karachi

TAX ADVISORS

E&Y Ford Rhodes
Chartered Accountants
Karachi

Tola Associates
Chartered Accountants
Karachi

LEGAL ADVISORS

Saiduddin & Co.
Karachi

BANKERS

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

REGISTERED AND HEAD OFFICE

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

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





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 has 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 with exceptional standards of customer service and after sales support.

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

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

Our Journey So Far

1983

June 26:
Date of Incorporation

September:
Commencement of Operation

1984

February:
Auxiliary Plant,
Start of Production
at D.G. Khan Plant

1985

April:
Main Manufacturing
Plant

1991

December:
Take Over
by Al-Futtaim

1992

April:
New Engine
Assembly Line

2006

April:
Sheet Metal Plant for
stamping and
agricultural
implements

2011

March:
New Engine
Testing facility

2013

April:
Assembly Line
for Generators

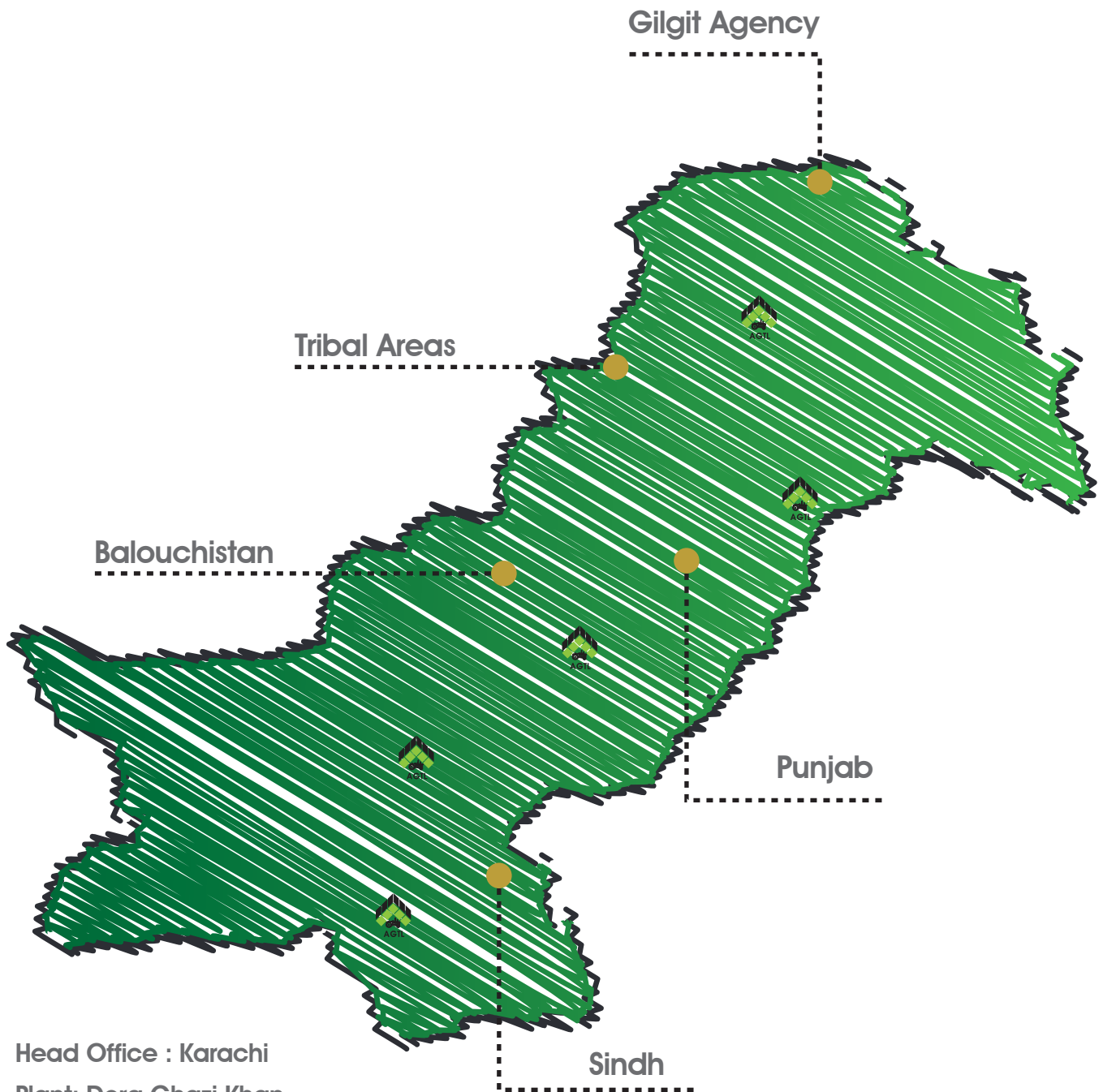
2015

June:
New Head Office -
Tractor House,
Karachi

2017

December:
Quality Assurance
Lab, Plant

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.



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

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

The Group has the flexibility to pursue the most advantageous strategic options and capitalize on opportunities for growth and consolidation consistent with our ambitions for it to become a leader in the sector.

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

Manufacturing Plant



R&D Center



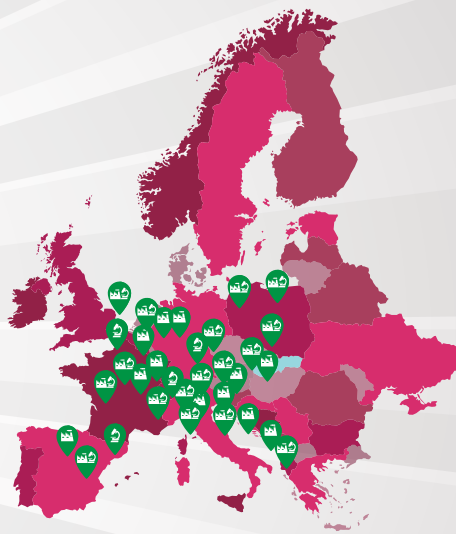
Manufacturing Plant
+R&D Center



North
America



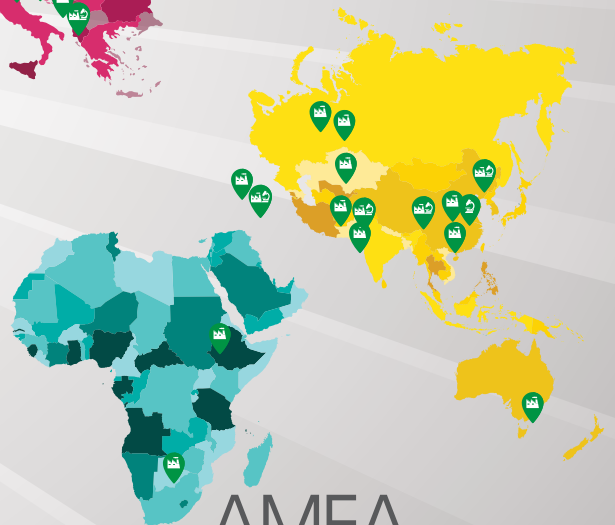
Europe



South
America



AMEA



CNHi Global Footprint

AGTL Profile

Incorporated in June 1983, privatized in December 1991, Al-Ghazi Tractors Limited, the subsidiary company of Al-Futtaim group of Dubai, is a story of rollicking success.

With consistent corporate achievements, the company is recognized for corporate excellence and "Best Corporate Performance".

With its head office in Karachi, the AGTL plant at Dera Ghazi Khan, some 700 kms away from Karachi, manufactures New Holland (Fiat) tractors in technical collaboration with CNHI - Case New Holland, the Number One manufacturer of agricultural tractors in the world. The AGTL plant, an icon of engineering dynamics operates on high efficiency. With Quality Control and Quality Assurance, quality improvement systems exist at every level.

One of our mission statement reads: "Our

most enduring competitive edge is the quality of tractors". Robust and sturdy, the company's products of 55, 65, 75 and 85 HP, carry a local content of 92% - the highest in the country.

Monitoring the efficiency and effectiveness of each production process is the key to our success. Effort is made to make each process efficient to drive down the cost per tractor. Competent material and plant utilization has resulted in the company's core strategy of being the lowest cost producer of quality products. AGTL's produced tractors in all hp ranges are therefore the cheapest quality tractors in the whole world.

Documentation of the entire manufacturing process and improved quality measurement being our priority, Al-Ghazi was the first automobile company in Pakistan to earn the ISO-9000 certification.





With yearly audits the company is now registered for ISO-9001:2015 upto September 15, 2021.

AGTL products being a household name with the farmer community, our product profile reflects consumer needs. Price and convenience being the customer's first priority the company's objectives include: focus on all target markets and focus on customers. As many dealers in every nook and cranny of the country, and over 3000 mechanical workshops dot the country to work as customer care centers.

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

At AGTL we believe that effective individuals make a difference; effective teams make a business. Of all the things that we have built the most admired is our teamwork. AGTL's human talent does not depreciate with time. AGTL workers are happy workers. AGTL

values the stake holders, customers, employees and the investors. The management works to ensure that all supply chain associates, dealers, shareholders and employees share in the company's growth and prosperity.

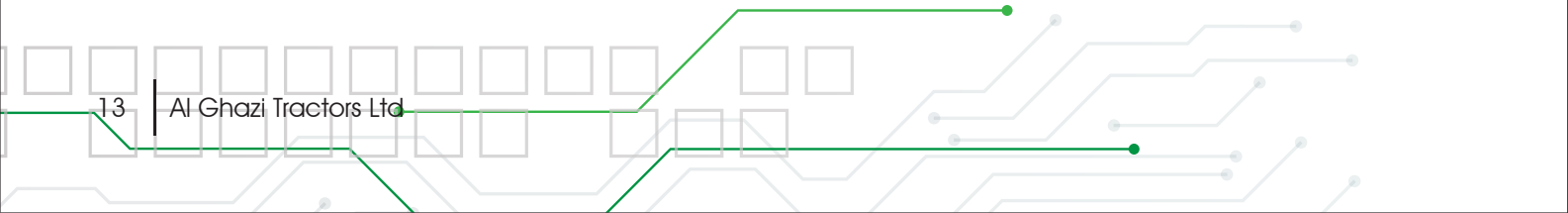
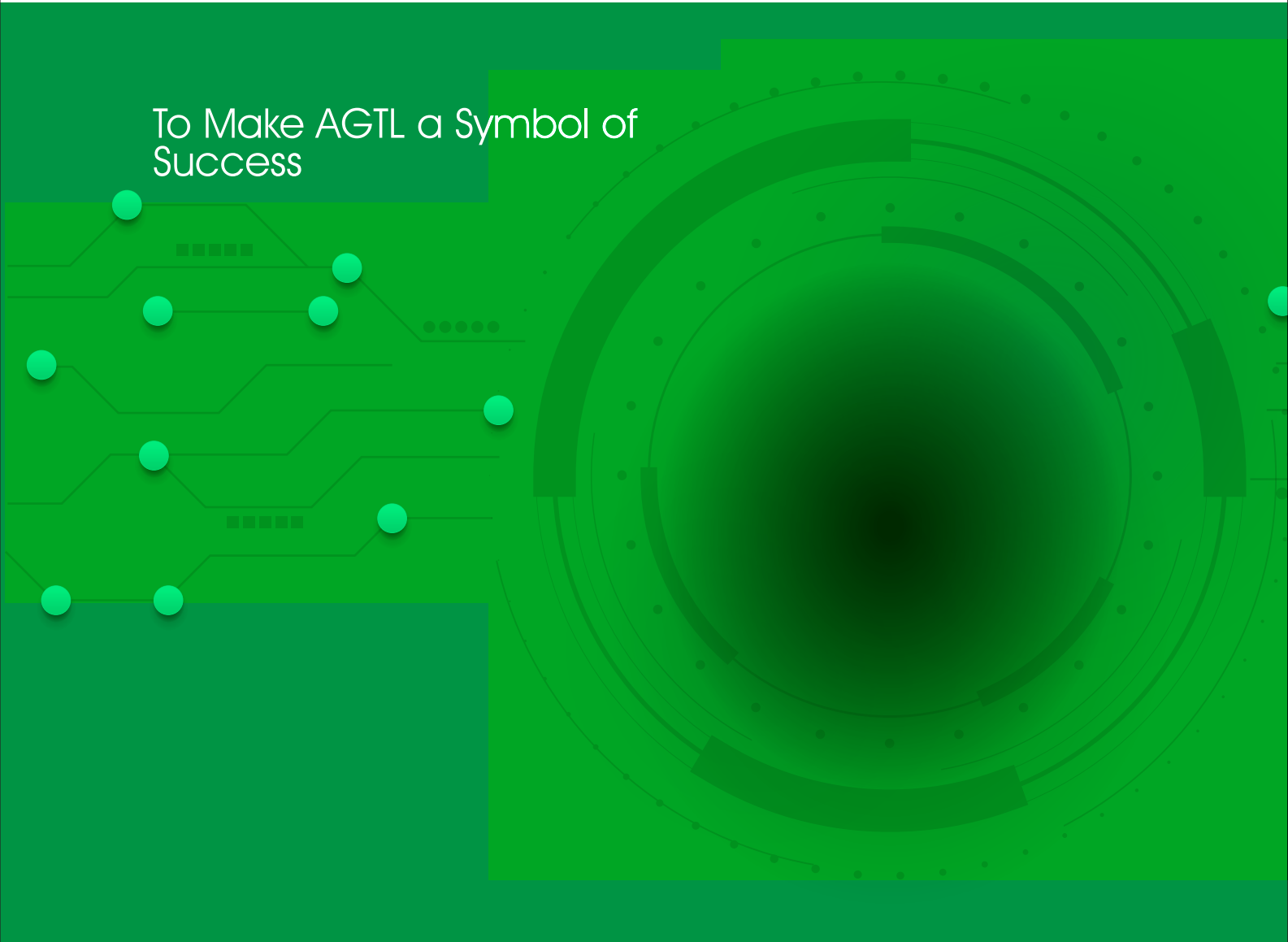
Al-Futtaim's flagship in Pakistan with over 93% foreign shareholding, Al-Ghazi Tractors Limited is a text book example of good corporate governance, conforming to all of the Corporate Governance Reforms promulgated by the government.

AGTL's long list of accolades received year after year include Top Companies Award of the Karachi Stock Exchange, Corporate Excellence Award of the Management Association of Pakistan, Best Presented Annual Report Awards of ICAP, Best Calendar Awards of NCCA, Excellence Award on Human Resources and Industrial Relations and Excellence Award in Productivity from the Employer's Federation of Pakistan.

AGTL's Vision Statement is categoric: "To make AGTL a symbol of success." This sets the direction as well as the destination in sight and each of the employee lives to achieve the company's Mission.

Our Vision

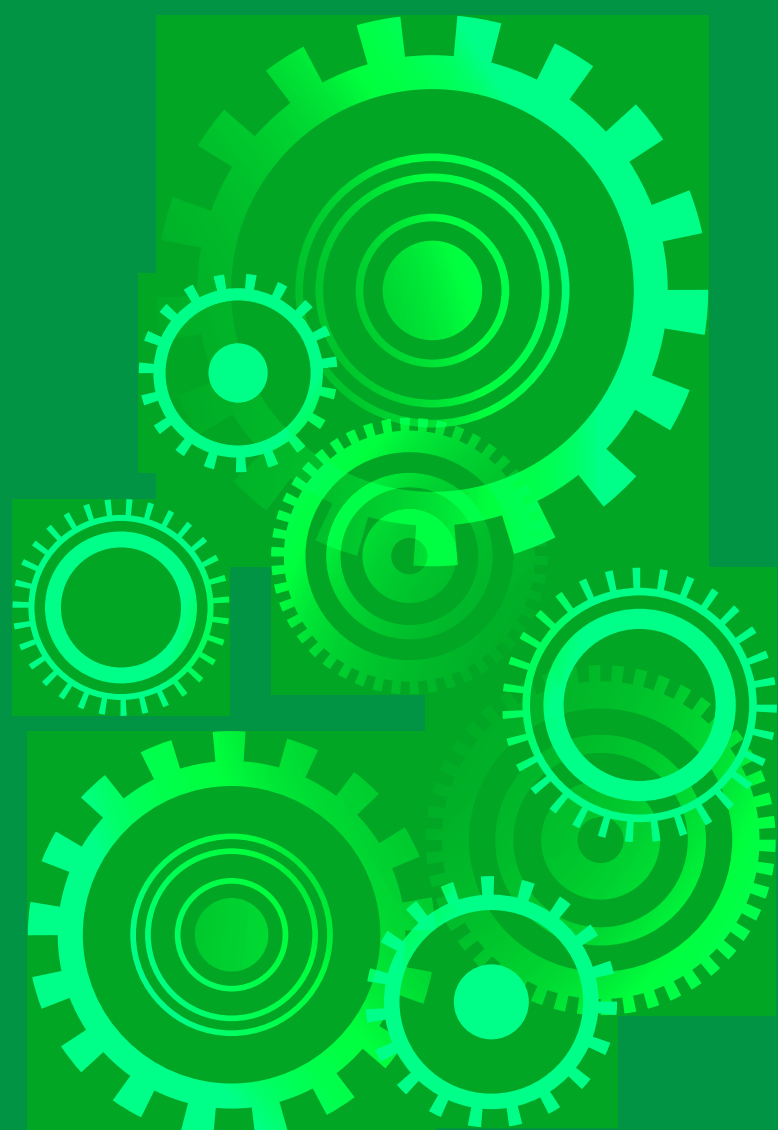
To Make AGTL a Symbol of Success





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 lowest cost producer of the highest quality products – the most enduring competitive edge being the quality of our tractors. With corporate virtue, AGTL's mission is to be a text book case example of good Corporate Governance and through Corporate 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 centres 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.

Directors' Profile



Mr. Bernd Schwendtke

Non-Executive Director

Appointed August 22, 2019

Mr. Bernd Schwendtke is currently holding the position of Senior International MD at Al Futtaim Automotive, United Arab Emirates. He began his working career in 1994 in Germany and has acquired a wide range of experience in the automotive sector, financial services, fleet management, logistics, and diversified trading industries in various multinational companies.

Prior to joining Al Futtaim, Mr. Schwendtke was the Senior Managing Director and Group Chief Financial Officer at Abdul Latif Jameel Saudi Arabia and held Chief Financial Officer and Finance Director positions in various Mercedes-Benz entities in South Africa, Australia, Singapore, UK and Germany.

Mr. Bernd Schwendtke holds a Master Degree from the University of Würzburg, Germany.



Mr. Mohammad Shahid Hussain

CEO & Managing Director

Appointed August 05, 2015

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

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

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



Mr. Richard Kassaby

Non-Executive Director

Appointed February 13, 2020

Mr. Richard Kassaby is the Chief Financial Officer of the AI Futtaim Automotive Group and previously served as the Managing Director of AI Futtaim Finance Pvc JSC a finance company regulated by the Central Bank of the UAE and is responsible for automotive financial services across six geographies for the AI Futtaim Group.

Mr. Kassaby has worked in the finance industry for more than 20 years with broad experience in treasury, capital markets and regulatory structuring across a range of industry sectors in both developed and emerging markets. Prior to joining the AI Futtaim Group, Mr. Kassaby was a Director of Sturt Capital and an Executive Vice President, Institutional Banking at Commonwealth Bank of Australia.

Mr. Kassaby holds a Master of Taxation Law from Melbourne University and a Bachelor of Information Systems from Monash University.



Mr. Malik Ehtisham Ikram

Chief Financial Officer

Appointed December, 2019

Mr. Malik Ehtisham was appointed as Director on the Board in December, 2019. He was subsequently appointed as Chief Financial Officer and as member of Human Resource & Remuneration Committee in 2020. He is a seasoned Senior Finance Executive with a career spanning 17 years in Finance 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 various consultancy firms including PwC and KPMG. He is a member of the Institute of Chartered Accountants of Pakistan and holds a post graduate degree in Managerial Economics.

Ms. Farah Qureshi

Independent Non-Executive Director

Nominated

Ms. Farah 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 Secretariat and IT.

She has served as Company Secretary on the Board of Jahangir Siddiqui & Co. Ltd., a listed company in financial services. Presently serving on the Board of First UDL Modarba as Director, also served on the Board of Network Microfinance Bank Ltd. (subsidiary of Jahangir Siddiqui & Co. Ltd.) Served on the taxation subcommittee of the Overseas Investors Chamber of Commerce and Industry. Presently providing consulting services in the areas of accounting, Finance, IT systems, corporate governance, internal controls, preparing projections and feasibilities, banking and financial arrangements.



Mr. Andrea Trabacchin

Non-Executive Director

Appointed October 29, 2019

Mr. Andrea Trabacchin was appointed on the Board as a Non-Executive Director. He is also a member of the Audit Committee.

He joined CNH Industrial Group in 2002. Currently he is working at CNH International SA in Lugano, Switzerland as Chief Financial Officer of High Growth Markets AMEA (Asia, Middle East and Africa) and ANZ.

Mr. Andrea Trabacchin holds a master degree in Business & Economics from the Commercial University Luigi Bocconi in Milan, Italy. He is Recipient of European Union scholarship for the Erasmus Exchange Program from School of Economics, Stockholm Sweden.

Mr. Vincent De Lassagne

Non-Executive Director

Appointed Oct 23, 2015

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



Mr. Matthieu Jean-Marie, Bernard Séjourné

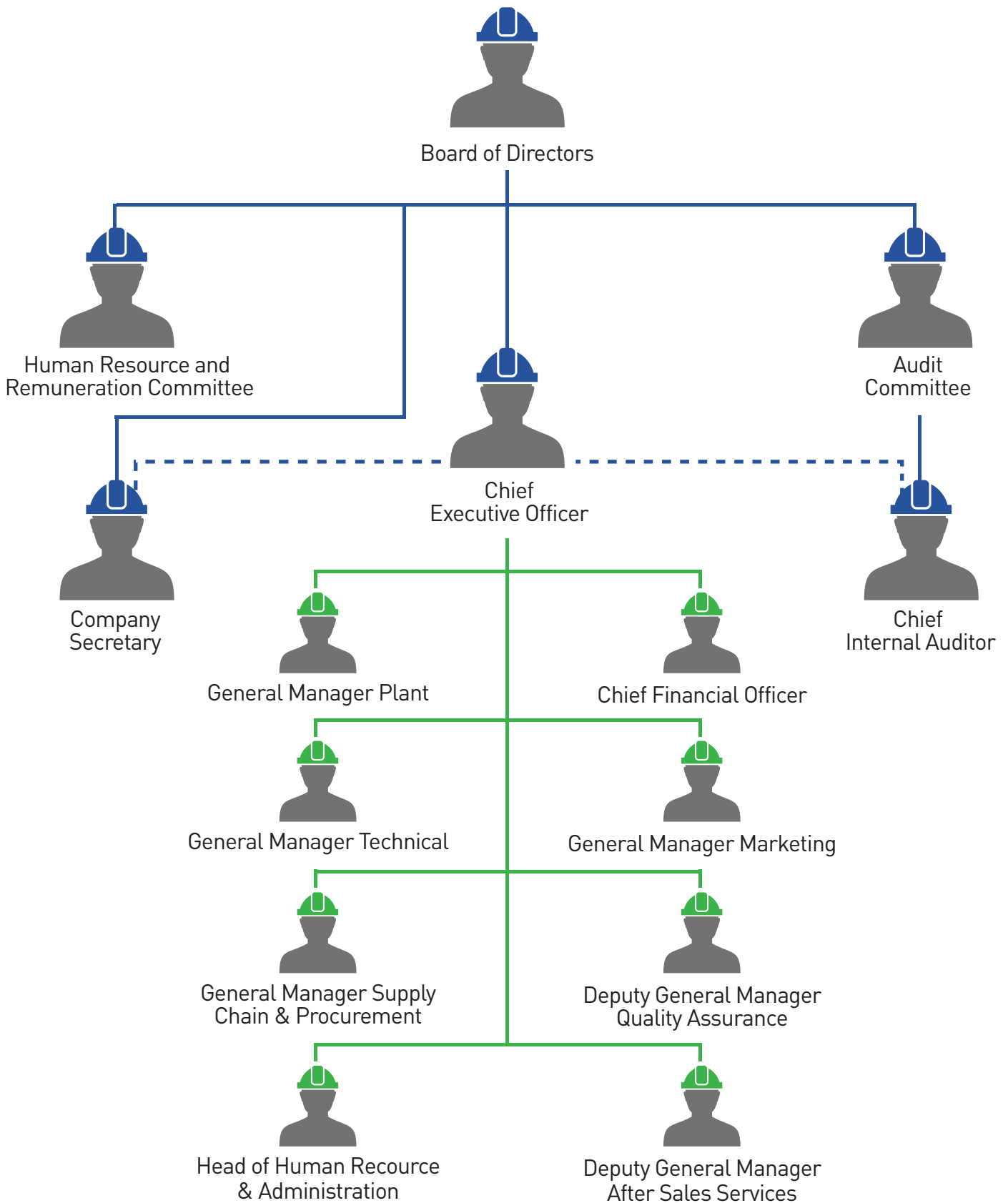
Non-Executive Director

Appointed February 13, 2020

He 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 Product Marketing and, after, Brand Leader for Case IH. Since January 2019, he is the Brand Leader New Holland & Case IH for the 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.

Organizational Chart



Legend

- Functional Reporting
- - - Administrative Reporting

*Number of employees as at Dec 31, 2019 and average number of employees for the year including factory employees are disclosed in note 36 to the financial statements

SIGNIFICANTS EVENTS 2019

1st Quarter

- AGTL received the coveted award of the Best Managed Company from the Management Association of Pakistan. (Jan)
- The Board of Directors (BOD) meeting was held to review and approved audited financial statements for the year ended December 31st 2018. (Feb)

2nd Quarter

- BOD Meeting was held in the month of April for the approval of 1st quarter financial results(Apr)
- Annual General Meeting of shareholders of the company was held in April 2019 where distribution of cash dividend of Rs. 9 per share was approved (Apr)
- AGTL was awarded 2nd position in the PSX Top 25 Companies award 2018. (June)

3rd Quarter

- BOD Meeting for the 2nd Quarter was held in the month of Aug for the approval of half year financial results and interim dividend of Rs.15 per share was announced. (Aug)
- Independence Day was celebrated at all AGTL location. (Aug)

- AGTL was awarded 1ST position in "Best Corporate Report Award" by joint committee of ICAP and ICMAP (Aug)



- Dealers Convention and Sales Conference was held in Baku in September (Sep)



4th Quarter

- BOD Meeting was held in the month of October for the approval of 3rd quarter financial results (Oct)
- BOD Meeting for the approval of annual budget 2020 was held in the month of December in Dubai (Dec)





Directors' Report

The Directors of Al-Ghazi Tractors Limited ('the Company' or 'AGTL') have pleasure to present the annual report together with the Company's audited financial statements for the year ended 31 December 2019.

Operating Results

	2019	2018
	(Rupees in '000)	
Sales	13,992,388	19,342,677
Gross Profit	2,544,716	4,635,639
Profit before taxation	1,348,524	3,734,835
Taxation	(370,872)	(1,282,321)
Profit after tax	977,652	2,452,514
Other comprehensive income	(52,188)	(20,902)
Total comprehensive income	925,464	2,431,612

Company Performance

The Company sold 15,719 tractors during the year 2019 as compared to 23,933 tractors sold in the year 2018. There were various factors contributing to lower sales volume of the year as compared to that of previous year. Weakening purchasing power of farmers, persistent economic slowdown and depressed automobile / tractor market remain the most significant issues. Government has so far not announced any significant support strategy for the farmers community. During the first half of 2019 the growth momentum in AGTL was consistent with 2018. However, during the second half of the year sales volume deteriorated against the backdrop of off-season, worsening water crisis which was affecting the farmers' economic health, various fiscal and tax measures by the Government and a general slowdown of the overall economic activity. The deterioration of the currency was another factor contributing to increased prices affecting affordability and volumes. Despite all of the above, the Company continued its efforts of engaging with customers and ensuring quality improvements and efficiencies.

Profit before tax for the year ended 31 December 2019 at Rs. 1,348 million is 64% lower than the previous year. The gross margin remained under pressure owing to afore-said factors for lower sales volume, significant rupee devaluation, cost of inflation caused by the steep rise of metal prices and additional government levies applied at import stage on CKD components. Further, the Company is currently facing liquidity challenges and incurring substantial financial cost due to delayed sales tax refunds by the authorities amounting to Rs 921 million approximately. Bank lending and corresponding financial cost remained on the higher side due to increased utilization of overdraft facilities to support business operations burdened by decreased sales and corresponding liquidity.

Out of the pre-tax profit of Rs 1,348 million, an amount of Rs 370 million was charged on account of corporate tax. The after-tax profit thus stands at Rs 977 million translating into earnings per share (EPS) of Rs 16.87.



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

The Annual Report of the Company was yet again awarded the prestigious one of the Best Annual Report Award by the Joint Committee of ICAP and ICMAP. AGTL also received the coveted Corporate Excellence Award from the Management Association of Pakistan yet again. AGTL was listed as rank two of the country’s Top 25 companies for 2018 by the Pakistan Stock Exchange. The announcement of the awards given by the exchange recognizes companies’ excellent financial and managerial performance, based on comprehensive criteria including capital efficiency, profitability, free-float of shares, investor relations, and compliance with listing of companies and securities regulations.

Appropriations

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

	2019	2018
	(Rupees in '000)	
Total comprehensive income	925,464	2,431,612
Transfer of general reserve to unappropriated profit	-	1,000,000
Unappropriated profit – brought forward	1,079,576	835,995
Amount available for appropriation	2,005,040	4,267,607
Appropriation:		
Final dividend paid for the year 2018: Rs. 9 per share (2017: Rs. 25 per share)	(521,678)	(1,449,105)
Interim dividend paid for the year 2019: Rs. 15 per share (2018: Rs 30 per share)	(869,463)	(1,738,926)
Unappropriated profit – carried forward	613,896	1,079,576

For the year ended 31 December 2019, the Board in its meeting held on 13 February 2020, has proposed a final cash dividend of Rs. Nil per share amounting to Rs. Nil.

Macro-Economic Environment and Tractor Industry

The provisional GDP growth rate of Pakistan for FY2019 is estimated at 3.29 percent. The performance of the agriculture sector, regarded as the lifeline of Pakistan’s economy as it employs a large portion of the total work

force remained subdued. It grew by only 0.85 percent against the target of 3.8 percent. The under-performance of the agriculture sector was mainly attributable to reduction in cultivation area, lower water availability and drop in fertilizer off take.

Overall the tractor industry witnessed a significant decrease of 34.8% in the calendar year 2019 as compared to the comparable period. According to published numbers, approx. 41,141 tractors were sold during the current period as against 63,060 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 high HP segment.

The Company is committed to improve its product quality at both incoming and assembly stages. A sophisticated lab is currently being set up at the plant to ensure quality of inbound components. The quality lab as well as the installation of Dynamometers (Engine shop) are in progress and the Lab is expected to be fully functioning by end of year 2020.

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. Considerable efforts have also been made relating to industrial relations, consumer protection measures and business ethics. On the environmental impact and measures, the Company has been committed and it has taken certain measures relating to energy saving, re-use, re-cycling, environmental protection, plantation, fuel efficiency, etc.

Future Outlook

AGTL remains focused on the delivery of quality products, in line with the 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 for progressive company.

Credit rating is an assessment of the credit standing of entities in Pakistan. During the year, VIS Credit Rating Company Ltd. (VIS) has reaffirmed entity ratings of 'A/A-1' (Single A/A-One) to Al-Ghazi Tractors Limited. Long Term Rating of 'A' reflects good credit quality and adequate protection factors. Risk factors may vary with possible changes in the economy. Short Term Rating of 'A1' signifies high certainty of timely payment, excellent liquidity factors supported by good fundamental protection factors. Risk factors are minor. Outlook on the assigned ratings is 'Stable'.

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 take into account relevant internal and external factors.; Various strategies have been introduced in 2019 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 retain market leadership for being one of the most cost-effective producer of the highest quality tractors, its most enduring competitive edge being the quality of its tractors.

Financial and 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:

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

Total number of directors:	
a) Male	8
b) Female	-
Composition of board:	
a) Independent Director	1
b) Other Non-Executive Directors	5
c) Executive Directors	2
- The names of directors and Members of board committees are disclosed in this Annual Report.
- The financial statements, prepared by the management of the Company, present its state of affairs fairly, the result of its operations, cash flows and changes in equity.
- Appropriate 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 Basic earnings per share were Rs. 16.87 in 2019 compared to Rs. 42.31 in 2018.
- There are no significant doubts upon the Company's ability to continue as a going concern.
- The Company has fully complied with the Listing Regulations of the Pakistan Stock Exchange.
- The pattern of shareholding has been included in this Annual Report.
- The Directors, Chief Financial Officer, Head of Internal Audit, Company Secretary and their spouses and minor children have not traded in Company's shares during the year, except 1,050 shares sold by Mr. M. A. Qaiyum, Independent director during the year.
- The key audited operating and financial results for the last six years have been included in this Annual Report.
- Five meetings of the Board of Directors were held during the year. Number of meetings of the Board's audit committee and Human Resource & Remuneration Committee was four and two respectively. Details of attendance by each director / member are shown in this Annual Report.
- Independent director is entitled only for the fee for attending the meetings as approved by the Board. The level of fee is appropriate and commensurate with the level of responsibility and expertise. Other non-executive directors are not entitled to any remuneration. Audited financial statements of the Company contain details of aggregate amount of remuneration separately of executive and non-executive directors.
- Board Audit Committee reviewed the related party transactions and the Board approved them. These transactions were in line with the requirements of International Financial Reporting Standards (IFRS) and the Companies Act, 2017. The Company maintains a thorough and complete record of all such transactions. The details of related party transactions are disclosed in a note of the financial statements of the Company.

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

	(Rupees in '000)	Year Ended
Gratuity fund	141,199	30 June 2019
Provident fund	148,190	30 June 2019

External Auditors

The present auditors, Messrs. A.F. Ferguson & Co. Chartered Accountants retire and, being eligible, offer themselves for re-appointment. The directors endorse recommendations of the Audit Committee for the re-appointment of Messrs. A.F. Ferguson & Co. as the auditors for the financial year 2020.

Financial Statements on Website

The financial results of the year 2019 would be placed on the Company's website and can be viewed on www.althazitractors.com.

Acknowledgements

The Board is grateful to our employees, our dealers and our principals – CNH 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



Mohammad Shahid Hussain
Chief Executive Officer



Malik Ehtisham Ikram
CFO & Executive Director

Karachi: 13 February 2020

☆ صرف آزاد ڈائریکٹر ہی میٹنگ میں شرکت کرنے کیلئے فیس حاصل کرنے کا حقدار ہے جیسا کہ بورڈ نے منظور کیا ہے۔ فیس کی شرح مناسب ہے اور اس کی ذمہ داریوں اور مہارت کے حساب سے موذوں ہے۔ دیگر نان ایگزیکٹو ڈائریکٹرز کسی قسم کی تنخواہ کے حقدار نہیں ہیں۔ کمپنی کے آڈٹ شدہ مالیاتی گوشوارے ایگزیکٹو ڈائریکٹر اور نان ایگزیکٹو ڈائریکٹرز کی علیحدہ علیحدہ منجملہ تنخواہوں کی تفصیلات فراہم کرتے ہیں۔

☆ بورڈ کی آڈٹ کمیٹی نے متعلقہ فریق سے لین دین پر نظر ثانی کی اور انہیں منظور کیا۔ یہ لین دین انٹرنیشنل فنانشل رپورٹنگ اسٹینڈرڈز (IFRS) اور کمپنیز ایکٹ 2017 کے تقاضوں کے مطابق کی گئی ہیں۔ کمپنی نے اس طرح کی تمام لین دین کا مکمل اور جامع حساب کتاب محفوظ رکھا ہے۔ متعلقہ فریق سے لین دین کی تفصیلات کمپنی کے مالیاتی گوشوارے کے نوٹس میں وضع کی گئی ہیں۔

☆ مالیاتی بیانات میں قرضہ جات اور ٹیکس سے متعلق معلومات موجود ہیں۔

☆ سبکدوشی فنڈ میں کی گئی سرمایہ کاری کا بیانیہ درج ذیل ہے:

سال اختتام پذیر	روپے ہزار میں
30 جون، 2019	141,199
30 جون، 2019	148,190

گرینجیوٹی فنڈ

پراؤنٹ فنڈ

بیرونی آڈیٹرز:

موجودہ آڈیٹرز، میسرز A.F فرگوسنز اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس سبڈکوش ہوئے اور بااہل ہونے کے ناطے، دوبارہ تقرری کیلئے خود کو پیش کیا۔ ڈائریکٹرز نے میسرز فرگوسنز اینڈ کمپنی کو بطور آڈیٹر برائے مالی سال 2020 کیلئے دوبارہ تقرری کو منظور کیا۔

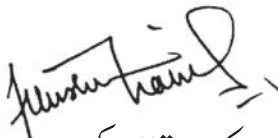
ویب سائٹ پر مالیاتی گوشوارے:

مالیاتی نتائج برائے سال 2019 کمپنی کی ویب سائٹ پر رکھی جائیں گی جو کہ www.alghazitractors.com پر دیکھی جاسکیں گی۔

تسلیمات:

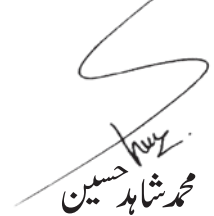
بورڈ اپنے ملازمین، اپنے ڈیلرز اور پرنسپلز - CNH کی جانب سے ان کی مسلسل معاونت اور وابستگی کا شکر گزار ہے۔ ہم صرف کاروباری سرگرمیاں جاری رہنے کے ہی نہیں بلکہ آئندہ سالوں میں بہتر نتائج کے منتظر ہیں۔

بورڈ آف ڈائریکٹرز کی جانب سے



ملک احتشام اکرام

CFO اور ایگزیکٹو ڈائریکٹر



محمد شاہد حسین

چیف ایگزیکٹو آفیسر

کراچی، 13 فروری، 2020

☆ کمپنی کے بورڈ آف ڈائریکٹرز درج ذیل پر مشتمل ہیں:

ڈائریکٹرز کی کل تعداد

8	(الف) مرد
-	(ب) زن

بورڈ کا مرکب:

1	(الف) آزاد ڈائریکٹرز
5	(ب) دیگر نان ایگزیکٹو ڈائریکٹرز
2	(ج) ایگزیکٹو ڈائریکٹرز

☆ بورڈ کی کمیٹیوں کے ڈائریکٹرز اور ممبران کے نام سالانہ رپورٹ میں ظاہر کیے گئے ہیں۔

☆ کمپنی کی انتظامیہ کی جانب سے تیار کیے گئے مالیاتی بیانیے، شفافیت کے ساتھ، کمپنی کی موجودہ حالت، باکار نتائج، نقد کا بہاؤ اور حصصی تبدیلیاں پیش کرتے ہیں۔

☆ کمپنی کی اکاؤنٹ کتب باضابطہ طور پر تیار کی گئی ہیں۔

☆ مالیاتی بیانیے کی تیاری میں مناسب اکاؤنٹنگ پالیسی مسلسل لاگو کی گئی ہیں ماسوائے ان تبدیلیوں، ترمیمات اور تشریح کے جو موجودہ معیار میں فوری پہلے وقوع پذیر ہوئی ہوں۔ اکاؤنٹنگ گوشوارے معقول اور دانشمندانہ فیصلوں پر مبنی ہیں۔

☆ بین الاقوامی مالیاتی رپورٹنگ معیارات جن کا اطلاق پاکستان پر ہوتا ہے حالیہ مالیاتی گوشوارے میں مقدم رکھا گیا ہے۔

☆ اندرونی نظم و نسق کا نظام موثر طرز سے ترتیب دیا گیا ہے اور اس پر موثر انداز میں عملدرآمد و نگرانی جاری ہے۔

☆ سال 2019 میں بنیادی آمدنی فی حصص 16.87 روپے رہی، اس کے مقابلہ میں سال 2018 میں فی حصص آمدنی 42.31 روپے تھی۔

☆ کمپنی کے جاری و ساری کاروبار میں کمپنی کی صلاحیت پر کوئی اہم ابہام موجود نہیں ہیں۔

☆ کمپنی نے پاکستان اسٹاک ایکسچینج کی جانب سے وضع کیے گئے ضابطوں کی مکمل پاسداری کی ہے۔

☆ حصص داران کا خاکہ اس کی سالانہ رپورٹ میں شامل کیا گیا ہے۔

☆ ڈائریکٹرز، چیف فنانشل آفیسر، اندرونی آڈٹ ہیڈ، کمپنی سیکریٹری اور ان کی ازواج اور ان کے چھوٹے بچوں

☆ نے سال رواں کے دوران کمپنی کے حصص میں کاروبار نہیں کیا ہے البتہ زیر جائزہ سال کے دوران آزاد ڈائریکٹرز جناب ایم اے قیوم صاحب کی جانب 1050 شیئرز فروخت کیے گئے ہیں۔

☆ آڈیٹڈ آپریٹنگ کے اہم نکات اور چھپے چھ سالوں کے مالیاتی نتائج اس سالانہ رپورٹ میں شامل کیے گئے ہیں۔

☆ رواں سال بورڈ آف ڈائریکٹرز کی 5 میٹنگ منعقد کی گئی ہیں۔ بورڈ کی آڈٹ کمیٹی اور ہیومن ریسورسز اور

☆ تنخواجات کی کمیٹی کی میٹنگ کی تعداد 4 اور 2 رہی۔ ہر ڈائریکٹر کی حاضری اس سالانہ رپورٹ میں ظاہر کی گئی ہے۔

آئندہ امکانات:

بالا بیان کردہ اقتصادی ماحول کو مد نظر رکھتے ہوئے جس نے کمپنی کو متاثر کر رکھا ہے اور طے کردہ اغراض و مقاصد کے تناظر میں کمپنی نے اپنی توجہ معیاری مصنوعات کی فراہمی پر مرکوز کر رکھی ہے۔ کمپنی کی مجموعی کامیابی ممکن بنانے کیلئے کاروباری منصوبہ بندی مرتب کی گئی ہے اور اسے تازہ ترین رکھنے کیلئے اس کی مسلسل نگرانی کی جا رہی ہے۔

AGTL لاگت کے اعتبار سے موذوں تر ہے اور اپنی تند و تیز افرادی قوت پر اعتماد کے ساتھ کارفرما ہے، ایک ایسی کمپنی جس کے پاس بہترین عملی طرز انتظام اور عمدہ ہنرمند افرادی قوت ہے لہذا ہمارا ماننا ہے کہ کسی ترقی پسند کمپنی کیلئے AGTL ایک بہترین مثال ہے۔

کریڈٹ ریٹنگ دراصل پاکستان میں قائم اداروں کی ساکھ کی تشخیص کرتی ہے۔ زیر غور سال کے دوران، کریڈٹ ریٹنگ دینے والی کمپنی VIS کریڈٹ کمپنی لمیٹڈ نے الغازی ٹریڈرز لمیٹڈ کو ایک بار پھر درجہ "A/A-1" سے نوازا ہے۔ طویل عرصے سے درجہ "A" ریٹنگ کا حصول، مستحکم ساکھ اور لاحق خطرات سے بہتر طور پر نمٹنے کا عکاس ہے۔ معیشت میں ممکنہ تبدیلی کے سبب خطرات کے عوامل میں تبدیلی رونما ہو سکتی ہے۔ مختصر دورانیہ میں درجہ "A1" حاصل کرنا، بروقت ادائیگی، اچھے محافضتی نظم و نسق کے سبب نقدی میں تبدیل ہونے والے اثاثوں کے بہترین عوامل کے یقینی ہونے کی جانب اشارہ ہے۔ خطرات کے عوامل نہایت کم ہیں جبکہ دی گئی ریٹنگ کی بنیاد پر کمپنی مستحکم ہے۔

کمپنی کو درپیش بنیادی خطرات اور غیر متوقع حالات کے تناظر میں ماہرانہ حکمت عملی کے ذریعے اس کا موثر انتظام کیا گیا ہے۔ مثال کے طور پر: کاروباری خطرات سے نمٹنے کیلئے، کمپنی کی حکمت عملیوں اور درمیانی عرصے کے کاروباری منصوبوں میں اندرونی اور بیرونی عوامل زیر غور رکھے گئے ہیں؛ دھاتوں کی بڑھتی ہوئی قیمتوں پر موثر انداز میں قابو پانے کیلئے سال 2019 میں مختلف حکمت عملیاں متعارف کرائی گئی ہیں؛ 92 فیصد تک مقامی مارکیٹ میں ان کی دستیابی اور قلیل عرصے کے دوران ترسیل کا انتظام جیسے کلیدی عوامل کے ذریعے کامیابی کے ساتھ دھاتوں اور دیگر خام مال کی بڑھتی قیمتوں میں توازن پیدا کیا گیا ہے۔

کمپنی کا مشن ہے کہ وہ سب سے کم قیمت اور سب سے معیاری ٹریڈرز فراہم کرنے والی کمپنی ہونے کی حیثیت مارکیٹ میں برقرار رکھے جو کہ انتہائی مشکل ہوتا جا رہا ہے۔

فنانشل اور کارپوریٹ گورننس کا فریم ورک:

کمپنی نے لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشن 2019 کے تمام بنیادی تقاضوں کی پیروی کی ہے۔ مالیاتی اور کارپوریٹ گورننس فریم ورک پر بیانے درج ذیل ہیں:

☆ متحدہ عرب امارات میں بنائی گئی لفظیم انڈسٹریز کمپنی، ایل ایل سی، الغازی ٹریڈرز لمیٹڈ کی بالادست کمپنی ہے، اور کمپنی کے 50.02 فیصد حصص کی مالک ہے۔

بورڈ آف ڈائریکٹرز نے اپنی میٹنگ منعقدہ 13 فروری 2019 میں حتمی نقد منقسمہ (ڈویڈنڈ) مبلغ صفر روپے یعنی صفر روپے فی حص تجویز کیا ہے۔

میکرو اقتصادی ماحول اور ٹریکٹر کی صنعت:

پاکستان کے عبوری GDP کے اضافہ کی شرح کا تخمینہ 3.29 فیصد لگایا گیا ہے۔ پاکستانی معیشت کی حیات شعبہ زراعت کی کارکردگی پر منحصر ہے جیسا کہ کل افرادی قوت کا ایک بڑا حصہ اس سے وابستہ ہے جبکہ اب یہ شعبہ سست روی کا شکار ہے اور اس میں صرف 0.85 فیصد تک ترقی ہوئی ہے جبکہ اس کی ترقی کا ہدف 3.8 فیصد تھا۔ شعبہ زراعت کی کارکردگی میں کمی کی بڑی وجہ زراعت کے لئے موذوں علاقوں میں کمی اور پانی و کھاد کی کم دستیابی ہے۔ مجموعی اعتبار سے ٹریکٹر کی صنعت میں گذشتہ سال مماثل دورانیہ کے مقابلے میں سال 2019 میں 34.8 فیصد تک قابل ذکر کمی واقع ہوئی ہے۔ شائع کی گئیں تفصیلات کے مطابق زیر غور مدت کے دوران تقریباً 41,141 عدد ٹریکٹر فروخت ہوئے جبکہ اس کے مقابلے میں گذشتہ 63,060 ٹریکٹر فروخت ہوئے تھے۔

کاروباری کارکردگی کے اہم نکات

کمپنی بنیادی طور پر زرعی ٹریکٹرز اور اس کے ساز و سامان و آلات کی تیاری اور/یا ان کی فروخت میں مصروف عمل ہے۔ کمپنی نے امسال اس کے دبنگ ماڈل میں متعدد اصلاحات کی ہیں تاکہ تیز ہارس پاور کے حوالے سے کمپنی کی صلاحیت کو تقویت پہنچائی جائے۔

کمپنی نے درآمدی اور اسمبلنگ دونوں مراحل پر اپنی مصنوعات کے معیار کو بہتر سے بہتر بنانے کا اعادہ کر رکھا ہے۔ کمپنی نے پلانٹ پر ایک جدید آلات سے لیس لیبارٹری قائم کی ہے تاکہ آنے والے اجزاء کے معیار کو یقینی بنایا جاسکے۔ معیار کی جانچ کیلئے مخصوص لیبارٹری اور اس کے ساتھ ساتھ ڈائنامومیٹرز (انجن شاپ) کی تنصیب بھی زیر عمل ہے اور توقع ہے کہ لیبارٹری سال 2020 کے آخر تک بھرپور انداز میں اپنا کام شروع کر دے گی۔

کمپنی اجتماعی سماجی ذمہ داریوں کے حوالے سے بیشتر سرگرمیوں میں حصہ لیتی رہی ہے۔ کمپنی مقامی ٹیلنٹ کی افزائش، خصوصی افراد کو ملازمت فراہم کرنے کیلئے اپنی توجہ مرکوز کیے ہوئے ہے اس کے علاوہ کمپنی معاشرتی فلاح و بہبود خصوصاً ڈیرہ غازی خان جہاں پلانٹ واقع ہے کیلئے متحرک کردار ادا کر رہی ہے۔ مزید، صنعتی تعلق داری، صارفین کیلئے محافظتی اقدامات اور کاروباری اخلاقیات کے حوالے سے قابل غور کوششیں بروئے کار لائی گئی ہیں۔ کمپنی نے ماحولیاتی ذمہ داریوں کی انجام دہی کا عزم کر رکھا ہے اور اس حوالے سے کمپنی نے بیشتر اقدامات اٹھائے ہیں جس میں توانائی کی بچت، دوبارہ استعمال کرنے اور استعمال کے قابل بنانے کا عمل، ماحولیاتی تحفظ، شجر کاری، ایندھن کی صلاحیت میں اضافہ کرنے جیسے عوامل شامل ہیں۔

قبل از ٹیکس منافع مبلغ 1,348 ملین روپے میں سے 370 ملین روپے کارپوریٹ ٹیکس کی مد میں ادا کیے گئے۔ لہذا اس طرح بعد از ٹیکس منافع مبلغ 977 ملین روپے ٹھہرا یعنی فی حص آمدن (EPS) مبلغ 16.87 روپے رہی۔

”کی آپریٹنگ اور مالیاتی ڈیٹا“، سالانہ رپورٹ میں نمایاں کی گئی ”مالیاتی بیانیے کی افقی اور عمودی تشریح“، کمپنی کے استحکام کی شاہد ہے۔ کمپنی کی سالانہ رپورٹ کو ایک بار پھر، ICAP کی جوائنٹ کمیٹی اور ICMAP کی جانب سے، اعلیٰ درجے کی بہترین سالانہ رپورٹ کے ایوارڈ سے نوازا گیا تھا۔ اس کے علاوہ AGTL کو دوبارہ مینجمنٹ ایسوسی ایشن آف پاکستان کی جانب سے کارپوریٹ ایکسیلنس ایوارڈ سے نوازا گیا۔ پاکستان اسٹاک ایکسچینج کی جانب سے سال 2018 کی 25 بہترین کمپنیوں میں سے الغازی ٹریڈرز کو دوسری بہترین کمپنی کا ایوارڈ دیا گیا ہے۔ ایکسچینج کی جانب سے ایوارڈ کمپنی کی بہترین مالی اور انتظامی کارکردگی کے تناظر میں، جامع معیار اصول کی بنیاد پر دیئے گئے ہیں جس میں منجملہ صلاحیت، منافع، شیئرز کی بلا رکاوٹ منتقلی، سرمایہ کاروں کا تعلق اور کمپنیز اینڈ سیکورٹیز ریگولیشن کی پیروی شامل ہیں۔

تصرفات:

موجودہ سال کیلئے مالیاتی نتائج کا جائزہ درج ذیل ہے:

2018	2019
2,431,612	925,464
1,000,000	-
835,995	1,079,576
4,267,607	2,005,040

کل مجموعی آمدنی

عام محفوظ فنڈ کو غیر تصرف شدہ منافع میں منتقل کیا گیا

غیر تصرف شدہ منافع - آگے لایا گیا

تصرفات کیلئے دستیاب منافع

تصرف:

حتمی ادائیگی برائے سال 2018

(1,449,105) (521,678)

9 روپے فی حصص (2017: 25 روپے فی حصص)

ادائیگی عبوری ڈویڈنڈ (منقسمہ) برائے سال 2019

(1,738,926) (869,463)

15 روپے فی حصص (2018: 30 روپے فی حصص)

1,079,576 613,896

حاصل سابق غیر تصرف شدہ منافع



مارکیٹ میں سست روی بہت نمایاں ہیں۔ حکومت نے اب تک کسان طبقہ کیلئے کوئی قابل دیدامدادی حکمت عملی کا اعلان نہیں کیا ہے۔ سال 2019 کی پہلی ششماہی کے دوران کمپنی میں ترقی کا تناسب سال 2018 کے مماثل تھا۔ تاہم، سال کی اگلی ششماہی کے دوران فروختگی حجم کا تناسب بگڑ گیا جس کی وجہ سیزن کا نکل جانا، پانی کے شدید مسائل کی وجہ سے کسانوں کی معاشی حالت زار، حکومت کی جانب سے مالی اور ٹیکس کے حوالے سے متفرق اقدامات اٹھانا اور منجملہ کاروباری سرگرمیوں میں عمومی سست روی شامل ہے۔ اس سلسلے میں کرنسی کی بے قدری کی وجہ سے نرخ میں اضافہ بھی ایک نمایاں پہلو ہے جس کے سبب فروختگی حجم اور قوت خرید جیسے عوامل متاثر ہوئے۔ مذکورہ بالا کے باوجود، کمپنی صارفین کی توجہ حاصل کرنے، معیار میں بہتری لانے اور صلاحیت میں اضافہ کرنے کیلئے اپنے تمام تر کوششیں بروئے کار لاتی رہی۔

سال اختتام پذیر مورخہ 31 دسمبر 2019 کیلئے منافع قبل از ٹیکس مبلغ 1,348 ملین روپے رہا یعنی پچھلے سال کے مقابلے میں 64 فیصد تک کمی واقع ہوئی۔ کمپنی کے منجملہ منافع کی شرح زبرد باور ہی جس کی وجہ فروختگی حجم کے حوالے سے مذکورہ بالا پہلو، روپے کی قابل ذکر بے قدری، دھاتوں کی بڑھتی قیمتوں کے سبب اضافی لاگت اور CKD اجزاء کی درآمدات پر حکومت کی جانب سے اضافی ٹیکسز کا عائد کیا جانا ہے۔ مزید، کمپنی کو اس وقت نقدی میں تبدیل ہونے والے اثاثوں کی کمی کے مسائل کا سامنا ہے اور اس کے علاوہ حکام بالا کی جانب سے سیل ٹیکس کی واپسی میں تاخیر کی وجہ سے بھی کمپنی بھاری مالی لاگت برداشت کر رہی ہے جس کی مالیت تقریباً 921 ملین روپے تک ہے۔ فروخت میں کمی اور نقدی میں تبدیل ہونے والے اثاثوں کے فقدان کے باعث کاروباری سرگرمیوں کو معاونت فراہم کرنے کیلئے قرض کی سہولت لینے کے رجحان کے سبب بینک بھاری شرح منافع پر قرض فراہم کر رہے ہیں جس کی وجہ سے مالی لاگت میں مزید اضافہ ہوا ہے۔



ڈائریکٹرز کی رپورٹ

الغازی ٹریڈرز لمیٹڈ (کمپنی یا AGTL) کے ڈائریکٹرز سالانہ رپورٹ بمع کمپنی کے آڈٹ شدہ مالیاتی بیانیے برائے سال اختتام پذیر 31 دسمبر 2019 پیش کرتے ہوئے مسرت محسوس کرتے ہیں۔

آپریٹنگ نتائج:

2018	2019	
		روپے ہزار میں
19,342,677	13,992,388	فروخت
4,635,639	2,544,716	مجموعی منافع
3,734,835	1,348,524	قبل از ٹیکس منافع
(1,282,321)	(370,872)	ٹیکس
2,452,514	977,652	بعد از ٹیکس منافع
(20,902)	(52,188)	دیگر جامع آمدنی
2,431,612	925,464	کل جامع آمدنی

کمپنی کی کارکردگی:

کمپنی نے سال 2019 کے دوران 15,719 ٹریڈرز فروخت کیے، اس کے مقابلے میں پچھلے سال 2018 میں 23,933 ٹریڈرز فروخت ہوئے تھے۔ گذشتہ سال کے مقابلے میں اس سال فروختی حجم میں کمی کے حوالے سے بہت سے پہلو کارفرما ہیں، جس میں کسانوں کی کمزور قوت خرید، مستقل گرتی معیشت اور آٹوموبائل/ٹریکٹر



Chairman's Review Report

As we closed yet another year, it gives me immense pleasure to present the review report for the year ended 31 December 2019.

Company's performance overview

The year 2019 has been proven very challenging for Agricultural Sector where the growth of agrarian economy growth witnessed a very slow growth of just 0.85% viz-a-viz 2017-18 growth of 3.94%. Major Crops have witnessed a negative growth of -4.43%. This has impacted tractor industry both in terms of sales volume drop and resultant financial results chiefly due to 34.3% of tractor market.

But despite of all odds Al-Ghazi Tractors Ltd. ('the Company') still achieved sales volume of 15,719 tractors and had a profit before tax of Rs. 1.34 billion more fully explained in the directors' report. Constant pressure on gross margins was owing to cost inflation, rupee devaluation and economic condition of farmers community. 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. I am 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.

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 2019 statement of compliance with code of corporate governance. Appropriate directors' reviews have been published with all the condensed interim financial information and 2019 annual financial statements. The Board has

performed its duties diligently and has managed the affairs of the Company in an effective and efficient manner. The best interest of shareholders of the Company has been upheld.

The Board 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 2019 and held five meetings in addition to the meetings held by its committees. The effective role played by the Board was the key in managing the affairs of the Company whose performance was 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 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 congratulate 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.



Bernd Schwendtke

Chairman

Karachi: February 13, 2020

مالیاتی معلومات اور سالانہ مالیاتی گوشوارے برائے سال 2019 کے ساتھ ڈائریکٹرز کے مناسب جائزے شائع کیے گئے ہیں۔ بورڈ نے اپنے فرائض جانفشانی سے سرانجام دیئے ہیں اور کمپنی کے معاملات کا بہتر موثر انتظام و انصرام کیا ہے۔ کمپنی کے شیئرز ہولڈرز کے مفاد کو مقدم رکھا گیا ہے۔

بورڈ تسلیم کرتا ہے کہ بہتر کارپوریٹ گورننس کا عمل کارپوریٹ کے احتساب کو بہتر بنانے کیلئے ناگزیر ہے۔ اس کے علاوہ بورڈ نے اپنی معاونت کیلئے مناسب کمیٹیاں بھی تشکیل دی ہیں تاکہ ہر ایک بڑی سے پیچیدگیوں کا سدباب کیا جاسکے۔ سال 2019 کے دوران بورڈ نے متواتر اجلاس منعقد کیے اور اس طرح بورڈ کے ماتحت کمیٹیوں کے اجلاس کے اضافے کے ساتھ ساتھ 5 اجلاسوں کا انعقاد کیا گیا۔ انتہائی مشکل اقتصادی ماحول میں کمپنی کے اہم انتظامی معاملات کا نظم و نسق کرنے کیلئے بورڈ کی جانب سے انتہائی موثر اور شاندار کردار ادا کیا گیا ہے۔

سال کے دوران، کمپنی کے بورڈ آف ڈائریکٹرز نے کمپنی کے اغراض و مقاصد کے حصول کو یقینی بنانے کیلئے متحرک کردار ادا کیا ہے۔ میں بورڈ کی جانب سے کی جانے والی سعی و جہد کا شکریہ ادا کرتا ہوں، جو کہ بہترین نتائج کے حصول کیلئے ناگزیر تھی۔

میں کمپنی کی اچھی کارکردگی کیلئے تمام شراکت داران کو مبارکباد پیش کرتا ہوں اور مذکورہ کارکردگی دکھانے کیلئے کمپنی کے بورڈ آف ڈائریکٹرز، انتظامیہ اور ملازمین کو سراہتا ہوں۔



برنڈ شیونڈ ٹکے
چیرمین

کراچی، 13 فروری 2020

چیرمین کی جائزہ رپورٹ

اب جیسا کہ مزید ایک سال کا اختتام پذیر ہو گیا ہے، لہذا یہ میرے لئے انتہائی مسرت کی بات ہے کہ میں سال اختتام پذیر 31 دسمبر 2019 کیلئے جائزہ رپورٹ پیش کر رہا ہوں۔



کمپنی کی کارکردگی کا جائزہ:

سال 2019 زرعی شعبہ کیلئے انتہائی مشکل ثابت ہوا جس میں زرعی ترقی کی شرح صرف 0.85 فیصد رہی جبکہ گذشتہ درجہ بہ درجہ سال 2017-18 میں یہ شرح 3.94 فیصد تھی۔ بڑی فصلوں کی ترقی کی شرح منفی رہی یعنی 4.43- فیصد رہی۔ ان عوامل نے ٹریکٹر کی صنعت پر منفی اثرات مرتب کیے جس سے نہ صرف فروختگی حجم میں کمی واقع ہوئی بلکہ ٹریکٹر مارکیٹ کے مالیاتی نتائج بھی صرف 34.3 فیصد حاصل ہو پائے۔

تمام تر منفی پہلوؤں کے باوجود، الغازی ٹریکٹرز لمیٹڈ (یعنی کمپنی) نے 15,719 ٹریکٹرز کی فروختگی کا حجم حاصل کیا ہے اور قبل از ٹیکس منافع 1.34 بلین روپے رہا ہے جس کی مزید وضاحت ڈائریکٹر رپورٹ میں موجود ہے۔ منافع کی شرح پر مسلسل دباؤ رہا جس کی وجہ مہنگائی، روپے کی بے قدری اور کسان کمیونٹی کی مالی حالت ہے۔ ہم آئندہ کمپنی کی مجموعی کامیابی کی توقع کرتے ہیں جیسا کہ ہماری انتظامیہ معیاری مصنوعات فراہم کرنے پر اپنی توجہ مرکوز کیے ہوئے ہے اور اس کے ساتھ بہتر کاروباری منصوبہ بندی بھی عمل میں لائی گئی ہے۔ مجھے بھروسہ ہے کہ کمپنی اپنے اغراض و مقاصد کے تحت، مستقبل کے چیلنجز کا مقابلہ کرنے میں کامیاب ہوگی اور اس کے ساتھ اقتصادی ماحول جس نے کمپنی کو متاثر کیا ہے کا بھی سدباب کر سکے گی۔

بورڈ کی کارکردگی اور موثر کردار:

زیر جائزہ سال کے دوران، کمپنی کے مقاصد کے حصول میں بورڈ کی مجملہ کارکردگی اور اس کی جانب سے ادا کیا گیا موثر کردار، ایک قیمتی اثاثہ ثابت ہوا۔

بورڈ نے انتہائی سخت محنت کی اور اپنی صلاحیتوں کو استعمال کیا، اور کمپنیز ایکٹ 2017 اور دیگر تمام قابل اطلاق کارپوریٹ گورننس کے ضابطوں کی پیروی کرتے ہوئے اپنے فرائض سرانجام دیئے۔ کمپنی نے مذکورہ ضابطوں کے متعلقہ اصولوں کی پیروی کی ہے جیسا کہ کمپنی نے سال 2019 کے متعلقہ گوشوارے میں اس کی بھرپور وضاحت کی ہے۔ تمام عبوی

Position in Value Chain

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



**Raw material Acquisition
Imported Components**



Storage and Binning



Locally Procured Components



After Sales Services

Delivery to Customers





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



Pre-delivery Inspection of Tractors

Transfer of Tractors to Dealers



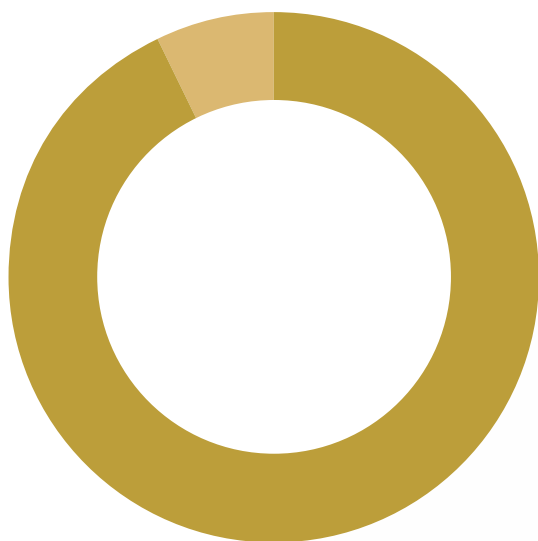
The company procures high quality of raw material from its local and imported vendors and assembles NEW HOLLAND tractors as per international standards to meet customer demand.

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

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

Due to considerable increase in local and imported metal prices owing to drastic rupee devaluation, the gross margins remained under extra ordinary pressure during the year 2019.

The exchange rate increased by around 11% during the year, which resultantly increased the raw material cost by estimated 12%.



Raw Material Composition

- Local Component 93%
- Imported Component 7%



Excellence in Corporate Reporting



Statement of Adherence with the International Integrated Reporting Framework

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

AGTL has been continuously working towards transparency of the information presented to its stakeholders. It has taken into account various transformations to adapt to a changing corporate environment and the need for additional information beyond the basic financial statements. This information includes management commentary, governance disclosures, performance analysis, forward outlook and footnotes to the financial statement, to better reflect the corporate reporting for information needs of different stakeholders.

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

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

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

The adoption of integrated reporting requires involvement and support of the Board of Directors and the leadership team. Henceforth, Management of the company provides guidance to achieve company objectives by advising, assessing, and monitoring business strategies; ensuring the execution and modification of strategies; and evaluating their own effectiveness and contribution in these activities. Reporting is being monitored and it is ensured that the relevant information is shared in the most suited way for the stakeholders of the company.

We will continue to improve the information produced to make it even easier to understand, while taking into account the opinion of stakeholders reading this report.



Mohammad Shahid Hussain
Chief Executive Officer

Karachi: February 13, 2020

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

Composition

Al-Ghazi Tractors Limited is preparing statutory financial statements in accordance with the IFRS issued by IASB as notified under the Companies Act 2017 including the disclosure requirements of fourth schedule.

In addition to this, note 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 does not have any material impact to the financial statements.






Mohammad Shahid Hussain
Chief Executive Officer

Karachi: February 13, 2020

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			
	Political	Economic	Social
DESCRIPTION	<ul style="list-style-type: none"> Political turbulence and law and order situation of the country generally impacts organizations negatively 	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> Companies have to plan strategies to adapt to the social trends. Such as improvement of living standards, price sensitive customers, seeking value for money behavior of customers.
SIGNIFICANT CHANGES FROM LAST YEAR	<ul style="list-style-type: none"> Political uncertainties Rifts among political parties Inconsistent policies 	<ul style="list-style-type: none"> Limited farmers' subsidies by Government. Declined economic health of farmers Rupee devaluation Increase in interest rate Increased inflation rate Huge trade deficit 	<ul style="list-style-type: none"> Rising customer emphasis on aesthetics, luxury and comfort. Rapid urbanization of rural regions due to increased access of technology
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.</p> <p>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 etc. However, decline in overall economic conditions in general and farmers economic wealth in particular may pose an adverse effect on the company's performance.</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
<ul style="list-style-type: none"> Technological factors include technological aspects such as Research & Development activity, quality of the product, technology incentives have a major role in company's success. 	<ul style="list-style-type: none"> Companies are required to abide by the laws and regulations as laid by the Govt. of the country in which it operates 	<ul style="list-style-type: none"> Environmental factors such as weather, climate, and climatic changes affects the manufacturing concerns in general and tractor industry in particular.
<p>Increased demand of quality products due to increased awareness owing to enhanced usage of information medium such as internet and smart phones,</p>	<ul style="list-style-type: none"> Companies Act 2017 Finance Act, 2018 Income tax ordinance Sales tax act Code of Corporate Governance Applicably of various IFRSs 	<ul style="list-style-type: none"> 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
<p>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.</p>	<p>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.</p>	<p>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). Further, over 1000 plants were planted during the year as a part of Clean Green Pakistan Drive.</p>





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 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 2019 are set out below:

Key focus areas of the Board during the year 2019 included:

- Overseeing management's performance in strategy implementation and monitoring the financial position of the Company including approval of the financial statements
- Reviewing business operations and development plans including budgets
- Approving the interim dividend of Rs. 15 per share and recommending a final dividend of Rs. Nil per share.
- Approving revisions to the Company's policies.

MATTERS DELEGATED TO THE MANAGEMENT

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

BOARD COMPOSITION

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

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

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

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

BOARD COMMITTEES

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

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

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

Name of Directors	Board Appointment	Board Committees	
		Audit Committee	Human Resource and Remunerations Committee Meetings
Mr. Bernd Erich Schwendtke	Non-Executive	Member	Member
Mr. Richard Kassaby	Non-Executive	Member	
Mr. Mohammad Shahid Hussain	Executive		
Mr. Malik Ehtisham Ikram	Executive		Member
Mr. Andrea Trabacchin	Non-Executive	Member	
Mr. Vincent Delassagne	Non-Executive		Member
Mr. Matthieu Sejourné	Non-Executive		

Further : One casual vacancy exist due to resignation of Mr. Muhammad Ali Qaiyum w.e.f. February 13, 2020

In determining the composition of the Board, consideration is given to the optimal mix of background, skills and experience that will position the Board to guide the Company. The current board members comprise of business leaders, professionals with financial audit, accounting, human resource backgrounds and engineers. The Directors' academic and professional qualifications are shown on pages 19 to 21 of this Annual Report.

BOARD EFFECTIVENESS

The Board has access to complete, adequate and timely information and resources. A formal agenda is prepared for all Board meetings. The agenda and supporting documents are circulated to all directors at least seven days before the meeting.

The board meets on a quarterly basis to review and approve the release of quarterly results. Ad-hoc meetings may be convened as necessary to consider other specific matters. In addition to having meeting, decisions of the Board and its Committees may also be obtained via circular resolution. Schedule of all board meetings and Annual General Meeting (AGM) for the next calendar year is planned in advance.

The Board has access to the CEO, members of the management and the Company Secretary at all times. The Company Secretary provides support to the Board and ensures that Board procedures and applicable rules and regulations are followed. The Company Secretary also assists the Chairman in ensuring proper information flow within the Board and its Committees as well as advising the Board on all governance matters. The Company Secretary attends all meetings and ensures that minutes are circulated within the stipulated time.

Directors		Board Meetings		Audit Committee Meetings		Human Resource and Remunerations Committee Meetings	
		Eligible to Attend	Attended	Eligible to Attend	Attended	Eligible to Attend	Attended
Mr. Bernd Erich Schwendtke	appointed w.e.f. August 22, 2019	3	2				
Mr. Mohammad Shahid Hussain		5	5				
Mr. Malik Ehtisham Ikram	appointed w.e.f. December 11, 2019	1	1				
Mr. Andrea Trabacchin	appointed w.e.f. October 29, 2019	2	1				
Mr. Vincent Delassagne		5	5			2	2
Mr. Muhammad Ali Qaiyum	resigned w.e.f. February 13, 2020	5	5	4	4	2	2
Mr. Kashif Lawai	resigned w.e.f. December 24, 2019	5	5	4	4		
Mr. Charles Leonard Hunt	resigned w.e.f. April 14, 2019	1	1				
Mr. Colin William Cordery	resigned w.e.f. December 01, 2019	4	4	4	4	2	2
Mr. Damiano Cretarola	resigned w.e.f. October 03, 2019	3	-	3	-		
Mr. Mark Brinn	resigned w.e.f. January 31, 2020	5	4				

* Out of the five Board meetings, four meetings were held in Karachi, Pakistan and one meeting was held in Dubai, UAE.

DIRECTORS TRAINING PROGRAM AND ORIENTATION

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

The CEO, Mr. Shahid Hussain, is Certified Directors from PICG.

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

ROLE AND RESPONSIBILITIES OF CHAIRMAN

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

Duties of the Chairman are:

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

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

ROLE AND RESPONSIBILITIES OF CHIEF EXECUTIVE OFFICER

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

Responsibilities of the CEO are:

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

EVALUATION OF BOARD PERFORMANCE, MEMBERS OF BOARD AND OF ITS COMMITTEES

There is a formal process for appraisal of Board performance, members of Board and its committees. Annual appraisals are carried out through a structured questionnaire addressing the following:

- Board organization;
- Board meeting and materials;
- Board responsibility and performance;
- Interaction with management and key stakeholders;
- The audit committees and internal audit and corporate reporting;
- Performance of the Board Committees.

The questionnaire also includes the assessment of the Chairman of the Board including his ability to lead the Board meetings.

The evaluation and feedback are consolidated and presented to the Board, through the Human Resource and Remuneration Committee, for discussion on areas of strengths and weaknesses.

PERFORMANCE REVIEW OF CEO

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

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

CONFLICT OF INTEREST AMONG BOARD MEMBERS

The Company in compliance with the Code of Corporate Governance annually circulates and obtains a signed copy of Code of Conduct applicable to all its employees and Directors. Directors are required to disclose, at the time of appointment and during their term, the directorships they hold in other corporate bodies. As per the provisions of the Companies Ordinance, 1984, every director is required to provide to the Board complete details regarding any material transaction which may bring conflict of interest with the Company.

Closed periods are determined and announced by the Company, precluding the Directors from dealing in the shares of the company, prior to each Board meeting involving announcement of interim / final results, distribution to shareholders or any other business decision which could materially affect the share price. Also, all directors are required to disclose any transaction in the shares of the Company immediately to the Company Secretary. All trading in shares of the Company by the Directors or executives and all related party transactions are fully disclosed in the financial statements of the Company.

No conflict of interest was reported during 2019.

POLICY FOR CONFLICTS OF INTEREST AMONG BOARD MEMBERS, AND MANAGEMENT OF CONFLICT OF INTEREST

All business decisions and choices taken on behalf of the Company are made in the best interests of the Company. The Directors are obligated to avoid every possible conflict of interest, with particular regard to personal or family considerations, which might affect the independence of judgment when deciding what is in the Company's interests and what is the most appropriate way to pursue it.

POLICY ON NON-EXECUTIVE AND INDEPENDENT DIRECTORS' REMUNERATION

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

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

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

GOVERNANCE PRACTICES EXCEEDING LEGAL REQUIREMENTS

AGTL is committed to compliance with all applicable laws and regulations. In addition thereto, the Company also endeavors to go the extra-mile voluntarily in terms of adopting best governance practices exceeding legal requirements and following are examples in this respect:

- Disclosure of various important information in the annual report, as per best practices, like ratios and trends, graphs, commentary, analysis, etc.
- Health, Safety and Environment strategies for the safety of employees and equipment.

- High standards of management and reporting practices, as evident from the receiving of numerous awards consistently from ICAP/ICMAP, MAP, etc.

DIVERSITY POLICY

AGTL strives for being an equal opportunity employer, free from any discrimination whatsoever due to gender, cast, creed, 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 employees are treated according to their abilities to meet job requirements and all decisions are free from any form of discrimination.

RELATED PARTIES

Disclosures relating to related parties have been provided in financial statements' section of this annual report, in accordance with applicable approved accounting and reporting standards. The said disclosures include name, basis of relationship and percentage of shareholding of related parties including associated companies with whom the Company had entered into transactions or have arrangements / agreements in place. Related party transactions have also been disclosed in the financial statements appropriately along with other related parties related disclosures.

The Company has a policy of compliance with corporate law and regulations regarding related party transactions. All related party transactions along with relevant information were placed before audit committees for review quarterly. After review by the Committee, the transactions were considered and approved by the Board keeping in view the recommendations made by the Committee. Directors are also required to disclose their interest, if any, in accordance with requirements of corporate law and regulations.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY TOWARDS THE PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS:

The Board of Directors, Audit Committee and the management have been committed to keep the Company in compliance with accounting and reporting framework as applicable under corporate law. The management is responsible for the preparation and presentation of financial statements as per applicable accounting and reporting standards and for related internal controls.

WHISTLE BLOWING POLICY

The Company has adopted a whistle blowing culture to detect and deter wrongdoing in preparing and implementing accurate and complete financial reports and records as well as the internal controls essential to support its financial and accounting system and operations. Violation of matters referred to in the Code of Conduct signed by all the employees may also be reported. The establishment of whistle blowing structure also augments the Company's ability to detect potential fraud, providing another level of comfort and assurance to the stakeholders.

The policy provides a mechanism for employees to report possible wrongdoings to the Company Secretary without fear of reprisal or discrimination. Every report case is considered and investigated. The whole process is looked after by the Audit Committee.

No reportable cases of whistle blowing were raised during 2019.

The Company also has a policy on "Suggestion System", encouraging all employees to make suggestions. These are discussed and employees are often rewarded for their input.

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

The Company ensures that all shareholders are treated fairly and equitably. The Company is committed to ensuring that all shareholders have access to clear, reliable and meaningful information. The Company

regularly communicates major developments in business operations to the stock exchange, SECP, press releases, circular to shareholders and placement of information on Company' website. The Company also encourages shareholder participation at the general meetings of the shareholders.

All shareholders are invited to participate in the Company's general meeting in person or through proxy. The Chairman delivers a short presentation at each AGM to shareholders to update them on performance of the Company. Every matter requiring approval is proposed as a separate resolution. Shareholders present are given an opportunity to clarify or direct questions on issues pertaining to the proposed resolution. The Board is in attendance to address these queries and obtain feedback from shareholders. External auditors are also present as required by law.

Issue raised at last AGM:

The Company's AGM was held on April 25, 2019. The following were approved by the shareholders:

- Financial statements for the year ended December 31, 2018;
- Declaration of final cash dividend @ Rs. 9 per share; and
- Appointment of M/s A.F. Ferguson & Co. as external auditors.

For above-stated shareholders' approvals, related implementation was timely completed by the Company. During the AGM held on April 25, 2019 the shareholders asked general queries which were appropriately responded by directors present in the meeting. However, no significant matter was raised.

Presence of the chairman of the audit committee at AGM:

Chairman of the audit committee was also present at the AGM of the Company held on April 25, 2019 to answer any questions asked on the audit committee's activities and matters within the scope of the audit committee's responsibilities.

Encouraging minority shareholders to attend general meetings:

The Company's management aims to encourage minority shareholders to attend general meetings. Accordingly, the Company send notice of its general meetings to all shareholders in addition to these notice being published in Urdu and English newspapers.

UNDERSTANDING OF THE VIEWS OF MAJOR SHAREHOLDERS BY THE DIRECTORS INCLUDING NON-EXECUTIVE DIRECTORS:

AGTL is owned to the extent of 93% by two foreign shareholders namely Al-Futtaim Industries company LLC and CNH Global N.V. At the time of induction of each of the new director, the Company carries out orientation in respect of expectation and views of major shareholders.

INVESTOR RELATIONS POLICY AND GRIEVANCE PROGRAMME

The Company is committed to maintain highest standards of corporate transparency and disclosure and believes that it should provide regular, effective and fair communication with its shareholders. An investor relation programme has been put in place to provide clear, timely and fair disclosure of information about the Company's business development and performance.

Shareholders are also welcome to seek any information that they may require by contacting the Company Secretary at the Head Office – Telephone Number 021-35318901-5. Information / complaints may also be sent in writing or through email. All efforts are made to provide the required information / resolve their complaints on priority basis.

POLICY OF SAFETY OF RECORDS

The Company places emphasis on safety and storage of its financial and other records. The Company ensures that all data and records are retained to meet legal, administrative and operational requirements.

No loss or breach of confidential data was reported during 2019.

BUSINESS CONTINUITY /DISASTER RECOVERY PLAN AND REVIEW BY THE BOARD

The Company places paramount importance on business continuity / disaster recovery.

The following measures are in place to ensure smooth restoration of key operations:

- Application and data back-ups are maintained at different sites to ensure maximum security. In case of failure of primary server, the back-up server with the same configuration is also available.
- Comprehensive fire prevention system has been put in place through mechanical installations as well as frequent fire drills.
- Adequate insurance arrangements have been made to mitigate business risks.
- Preventive maintenance programme coupled with training is carried out intermittently to minimize business disruptions.
- 24 hours security at the plant, head office and staff town has been provided.

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

INFORMATION TECHNOLOGY GOVERNANCE

Information Management and Information Technology is built into AGTL's strategy. IT system plays an important role in supporting AGTL's current operations and its new initiatives. Our ERP system continues to integrate all function across the Company, facilitating greater efficiency and effectiveness of all processes and controls.

ANALYST BRIEFING:

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



**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, 2019 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 and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended December 31, 2019.


**Chartered Accountants
Karachi**

Dated: March 13, 2020

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

Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019

For the year ended December 31, 2019

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

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

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

2. The composition of board is as follows:

Category	Names
a) Independent Director	Mr. M. Ali Qaiyum
b) Non-Executive Directors	Mr. Bernd Schwendtke Mr. Richard Kassaby Mr. Vincent De Lassagne Mr. Andrea Trabacchin Mr. Matthieu Sejourné
c) Executive Directors	Mr. Mohammad Shahid Hussain Mr. Malik Ehtisham Ikram

- 3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company;
- 4. The company has prepared a code of conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures;
- 5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the company;
- 6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/ shareholders as empowered by the relevant provisions of the Act and these Regulations;
- 7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;
- 8. The Board has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;
- 9. All the directors on the Board are fully conversant with their duties and responsibilities as directors of corporate bodies.
- 10. The Board has approved appointment of chief financial officer, company secretary and head of internal audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;
- 11. Chief financial officer and chief executive officer duly endorsed the financial statements before approval of the Board;

12. The Board has formed committees comprising of members given below:

a) Audit Committee

- Mr. M. Ali. Qaiyum, Chairman
- Mr. Bernd Schwendtke
- Mr. Andrea Trabacchin

b) HR and Remuneration Committee

- Mr. M. Ali. Qaiyum, Chairman
- Mr. Bernd Schwendtke
- Mr. Vincent De Lassagne
- 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 during the financial year ended 31 December 2019
HR and Remuneration Committee	Two meetings during the financial year ended 31 December 2019

15. The Board has set up an effective internal audit function;

16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company;

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard; and

18. We confirm that all requirements of regulations 3, 6, 7, 8, 27,32, 33 and 36 of the Regulations have been complied with.



BERND SCHWENDTKE
Chairman

Karachi: February 13, 2020

Internal Audit

The Company has its own in-house Internal Audit Department which is headed by a qualified Chartered Accountant. Internal Audit reports directly to the Chairman of the Audit Committee on audit matters and administratively to the CEO. Using risk based audit methodology Internal Audit plans its assignments every quarter, which is reviewed and approved by the Audit Committee.

The key role of the Internal Audit is to assist the Audit Committee to provide reasonable assurance that the Company is maintaining an adequate system of internal controls by periodic reviews of material controls and procedures. A comprehensive Internal Audit report is presented to the Audit Committee at each meeting for discussion.

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

The Audit Committee ensures that the internal audit function has adequate resources and appropriate standing within the Company. On an ongoing basis, it assesses the effectiveness of the internal auditors, such as its scope of work and quality of audit reports.



Report of the Audit Committee

Composition

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

Mr. M. Ali Qaiyum – Independent Non-Executive Chairman
Mr. Bernd Schwendtke
Mr. Andrea Trabacchin

The current Chairman of the Committee, Mr. M. Ali Qaiyum, an independent Non-Executive Director is a Fellow Member of the Institute of Chartered Accountants of Pakistan (ICAP) and the Institute of Chartered Accountants of England and Wales (ICAEW). The profile of members is given on pages 19 to 21.

The Board Secretary functions as the Secretary to the Committee.

Charter of the Committee

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

- To recommend to the Board the appointment and removal of external auditors;
- To review quarterly, half-yearly and annual financial statements;
- To review the internal control systems and internal audit function;
- To monitor compliance of statutory requirements.

Meeting during 2019

The Audit Committee met four times during the year. The attendance of the members at these meetings is stated in the table on page 53 of the annual report. The Chief Financial Officer and the Chief Internal Auditor attended all meetings. The external auditor attends meetings when matters pertaining to their functions come up for consideration and attended two meetings during the year.

Role of the Committee

The Audit Committee assists the Board to effectively carry out its supervisory oversight responsibilities on financial reporting and compliance, internal controls and risks, internal and external audit functions of the Company. The Committee ensured compliance with its terms of reference.

The Committee has concluded its annual review of the operations of the Company for the year ended December 31, 2019 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, 2019, which present fairly the state of affairs, results of operations, profits, cash flows, and changes in equity of the Company;

- The Chief Executive Officer and the Chief Financial Officer have reviewed the financial statements of the Company. They acknowledge their responsibility for true and fair presentation of the financial statements, accuracy of reporting and compliance with regulations and applicable accounting standards;
- Review process of financial statements by the audit committee also include detailed consideration of related matters and issues which were dealt in accordance with applicable accounting and reporting standards. The fourth schedule to the Companies Act, 2017 became applicable for the first time to 2019 financial statements and, accordingly, it was complied with in preparation and presentation of the financial statements. Contents of the 2019 External Audit Report are in accordance with the applicable Regulations in Pakistan; the auditors have issued unmodified audit reports in respect of the said 2019 financial statements.
- Accounting estimates are based on reasonable and prudent judgment;
- Proper, accurate and adequate accounting records have been maintained by the Company;
- The Company's system of internal control is sound in design and has been continually evaluated for effectiveness and adequacy.
- The Company has a proper approach in place for risk management whereby identification and mitigation of relevant risks take place. Details regarding risk identified by the Company and mitigating strategies are included in respective section of this annual report and summary is mentioned in the directors' report. The audit committee has reviewed this information;
- The Audit Committee has reviewed and approved all related party transactions;
- The Committee has reviewed arrangements for staff and management for reporting to the Committee concerns, if any, about improprieties in financial and other matters, and remedial and mitigating measures. No cases of complaints regarding accounting, internal accounting controls or audit matters, or whistle blowing were received by the Committee;
- Closed periods were duly determined and announced by the Company, precluding the directors and executives (as defined by the Board to be an employee drawing a basic salary of Rs. 1,200,000 and above in a financial year) from dealing in the shares of the Company, prior to each Board meeting involving announcement of interim / final results, distribution to shareholders or any other business decision which could materially affect the share price.
- The Company's 2019 Annual Report is properly structured to provide all necessary information in detail yet in a lucid way. Not only it gives financial information like state of affairs and financial performance as per applicable accounting framework, it also enlightens through financial analysis in easy to comprehend style. Besides the core financial information, it also covers all other necessary domains like background details about company and its directors, comprehensive management reviews and future prospects, stakeholders information and corporate governance.

Internal Audit

- The Board has effectively implemented the internal control framework through the Chief Internal Auditor who is a qualified Chartered Accountant.
- The Internal Auditor reviews the risks and control processes. It carries out reviews in accordance with the internal audit plan approved by the Committee.

- The internal audit function has direct access to the Committee. The Committee reviews the findings and observation of the internal audit and provides appropriate guidance.
- The Committee met with the internal audit in absence of the management.

External Audit

- The statutory auditors of the Company, A. F. Ferguson & Co., Chartered Accountants, have completed their audit assignment of the Company's financial statements and the statement of compliance with the Code of Corporate Governance for the year ended December 31, 2019 and shall retire on the conclusion of the 37th 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 2020. A resolution to this effect has been proposed at the forthcoming Annual General Meeting.

The Audit Committee

- The Committee views that it discharged its responsibilities as per its terms of reference. A separate mechanism is in place for annual evaluation of members of the Board of Directors and its Committees.



M. Ali Qaiyum
Chairman, Audit Committee
February 13, 2020



Human Resource Management (HRM)

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

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

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

SUCCESSION PLANNING

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

HARASSMENT

AGTL has a harassment policy in place and is in compliance with the Protection Against Harassment of Women at Workplace, Act 2010. No instances of harassment were reported during the year 2019.

Report of the Human Resource and Remuneration Committee

Composition

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

Mr. M. A. Qaiyum – Chairman – Independent Director
Mr. Bernd Erich Schwendtke
Mr. Malik Ehtisham Ikram
Mr. Vincent De Lassagne

The Board Secretary functions as the Secretary to the Committee.

Salient terms of reference

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

Meeting during 2019

The Committee met two times during the year 2019. The attendance of the members at these meetings is stated in the table on page 53 of the annual report.



M. A. Qaiyum
Chairman, Human Resource and Remuneration Committee
February 13, 2020

Information Technology

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

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

Enterprise Resource Planning

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 noncomponent purchases have been added to the system. This application is implemented across AGTL and a high speed communication infrastructure is in place.

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

Disaster Recovery Planing

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

Safety and Security of IT Record

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



A tall, precarious stack of wooden blocks, similar to a Jenga tower, stands on a light-colored surface. A hand is visible on the right side, reaching towards the stack, with one finger positioned to move a block. Several blocks have already fallen from the base of the stack, lying on the surface. The background is softly blurred, showing a person's arm in a blue shirt. The overall scene conveys a sense of balance, risk, and the delicate nature of opportunity.

Risks and Opportunities

Risks and Opportunities

Risks

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

The Board of Directors of the Company establishes corporate strategies and business objectives. Moreover, the Board's Audit Committee is responsible for Internal Controls in the Company. The Internal and External Auditors' reports are submitted to the Audit Committee for its review, which after detailed deliberations and suggestions for improvement are submitted to the Board of Directors.

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

Risk	Risk level / Impact	Likelihood	Risk Description	Mitigation Strategy
Financial Capital (External Source)				
Exchange Rate Fluctuation	High/ High	High	It becomes challenging for the Company to compete in the market due to frequent fluctuation of PKR parity against USD.	The Company's product has around 93% local components, thus reducing the dependency on imported material and hence reducing negative consequences resulting from exchange rate fluctuations.
Inability to source raw material & rising cost of raw material	Moderate/ Moderate	Moderate	Raw material cost constitutes a substantial part of the overall cost of production of the Company. Suppliers increase the cost of products supplied in view of economic scenarios including rupee devaluation and rising costs of international fuel prices.	As part of the Company's vendor succession planning, alternate vendors are continuously explored to cope with increase in raw material prices. Moreover, the Company has strategic relationships with key raw material suppliers which benefit the company in price negotiation and prompt material delivery. For major raw material components, orders are split among vendors for reducing reliance on single vendor.
Human Capital (Internal Source)				
High Employee turnover	Moderate/ Moderate	Moderate	Key employees and workers may leave the Company causing lack of competent workforce.	The Company believes in the importance of having the right people with the requisite qualification, skills and expertise to achieve its strategic business plans. The Company has in place comprehensive human resource policies and procedures for recruitment, compensation, staff development and management succession.

Risk	Risk level / Impact	Likelihood	Risk Description	Mitigation Strategy
Manufactured Capital (External Source)				
Information system failure risk	Low/ Low	Low	Loss of Company data and theft of sensitive information	A comprehensive disaster recovery policy is in place and addresses the underlying risk. The Company maintains back-up servers to recover data in case of any disaster. Further, the Company has well-established disaster recovery plan and data backup to cope with any unwarranted event.
Natural Catastrophe	Low/ Low	Low	Destruction of production facility due to natural disaster.	The Company has comprehensive insurance cover in case of any catastrophic event. The Company has taken into consideration every possible aspect of safety measures to preserve the factory building and plant.
Business Continuity Risk	Low/ Low	Low	The Company may be unable or constrained to continue business.	The Company recognizes that quick recovery and resumption of business operations after a disruption are critical to minimizing financial, operational and reputational impact. To mitigate these risks, the Company has in place a Business Continuity Plan, which complements its ERP framework.

Opportunities

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

Few opportunity descriptions are analyzed below:

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

BOD's Commitment to Risk Mitigation

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

The Board of Directors have carefully carried out a robust assessment of the 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 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.

Strategies and Resource Allocation



Strategic Objectives

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

Short Term Objective

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

Medium Term Objective

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

Long Term Objective

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

Strategies in Place

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

Sales and Marketing

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

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

Quality Initiative

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

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

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

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

After Sales Services

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

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

Cost Management

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

To reduce Company's exposure and vulnerability, linked with 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 Company's profitability.

Resource Allocation Plan

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

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

Our Strategy

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

Human Capital

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

Manufactured Capital

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

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

Financial Capital

The Company currently has a strong financial base with capital structure comprised of Rs.289.8 million share capital representing 57.9 million ordinary shares of Rs.5/- each with market capitalization of over 21 billion.

Current short-term finance of the Company stands at Rs.3.6 billion. However, the Company believes that with the release on sale tax refund from government authorities will help reduce short-term finance.

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

Intellectual Capital

Information Management and Information Technology is built into AGTL's strategy. IT system plays an important role in supporting AGTL's current operations and its new initiatives.

Our ERP system continues to integrate all function across the Company, facilitating greater efficiency and effectiveness of all processes and controls.

Social and relationship capital

AGTL values the stake holders, customers, employees and the investors. The management works to ensure that all supply chain associates, dealers, shareholders and employees share in the company's growth and prosperity. We invest in a series of initiatives that enhance collaboration and ongoing dialogue with our customers and vendors. We also contribute to the sustainable growth of our communities by offering job for local skilled and unskilled manpower.

Significant Changes in Objectives and Strategies from Previous Period

Although objectives of the Company remained same as compared to previous period but several new strategies were devised during the year 2019 as highlighted above.

Critical Performance Indicators

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

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

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

Liquidity Analysis and Strategies to Overcome Liquidity Problems

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

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

Significant Plans and Decisions

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



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 parch desert has contributed to 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 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 which has created thousands of jobs by way of transportation activities, workshops, vendor shops and a host of other developments. The Company has directly contributed to human values and the quality of life of the whole region.

REVERSE OSMOSIS PLANT

Reverse Osmosis plant has been installed in DGK in year 2017 which has improved the machinery life of different tractor manufacturing processes as well as working efficiency of tractor components. Drinking water points from RO plant have also been provided around the plant premises where filtered drinking water is available for residents of the surroundings.



ENERGY SAVING MEASURES

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

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

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

RE-USE AND RE-CYCLING

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

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

ENVIRONMENTAL PROTECTION MEASURES

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

PAPERLESS ENVIRONMENT

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



PLANTATION

Each year we add to the plantation at the AGTL Plant and staff town in DGK. In 2019, over 1000 plants were planted adding to the 4000+ trees which have been planted over the last many years. AGTL is also participating in the government led Clean and Green Pakistan drive. All employees and dignitaries visiting plant are also encouraged to plant a tree.



FUEL EFFICIENCY

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

HEALTH AND SAFETY

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



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



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



CONTRIBUTION TO NATIONAL EXCHEQUER

AGTL has contributed Rs. 728 million towards the national exchequer on account of government levies and taxes.

LABOUR / MANAGEMENT RELATIONS

The management and labour of AGTL enjoy cordial relations. Weekly meetings are held with Collective Bargaining Agent (CBA) to 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.

CONSUMER PROTECTION MEASURES

AGTL's uncompromising commitment is to provide world-class tractors at the lowest price, to satisfy customers on consistent basis. The manufacturing plant is state of the art unit which has a capacity to produce 30,000 tractors per annum in a single shift. The plant operates on high efficiency with negligible waste. Our tractors are manufactured from 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

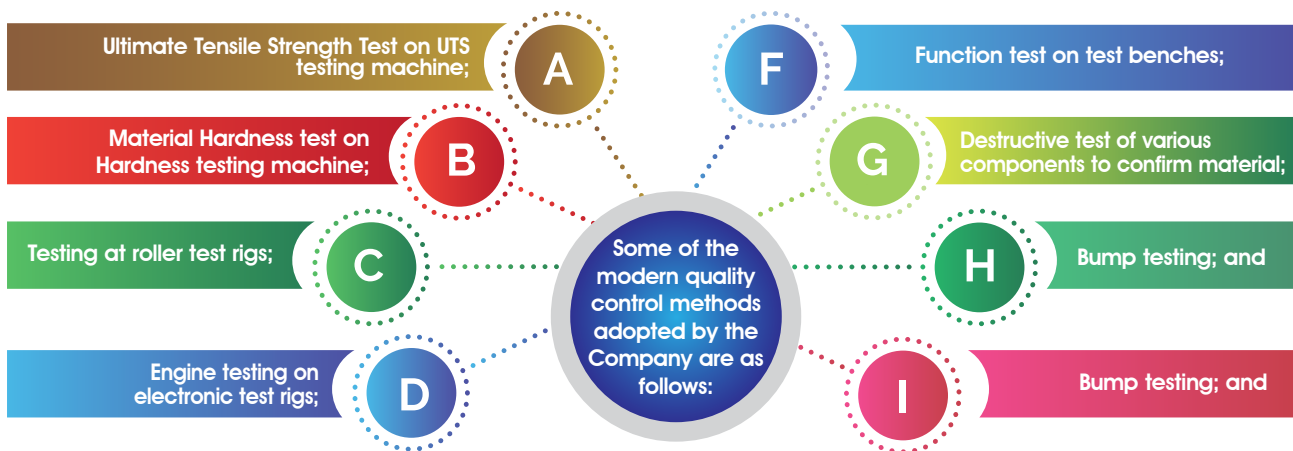
regarding breach of customer privacy. The Company offers two free after sales service for its tractors. Warranty period is 14 months or 1200 hours, whichever comes first.

BUSINESS ETHICS AND ANTI-CORRUPTION MEASURES

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

QUALITY ASSURANCE

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



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



Highlights of Corporate Social Responsibility

Highlights of Corporate Social Responsibility

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

- Sound Corporate Activities
- 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 programme to not only induct more graduates but also utilize the joint facilities of TEVTA and AGTL plant for customized training on operational activities.
- Merit scholarships are offered to students of the University of Agriculture, Faisalabad and its campus in Dera Ghazi Khan. Scholarships are also offered to the Government Technical Training Institute and Government College of Technology in Dear Ghazi Khan for development of local talent.
- Students of different Universities were given an opportunity to visit the plant and to obtain an insight of tractor manufacturing industry.

DEVELOPMENT OF LOCAL TALENT

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



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

COMMUNITY INVESTMENT

- Tractor festivals, free service programmes are held throughout the year to improve efficiency of resource utilization.



- We educate the farmers and his future generations on techniques of Farm Management with marketing programmes which have been specially designed to minimize overhead cost and to increase returns. Such programmes are held with intermittence throughout the country at the grass root level.

RURAL DEVELOPMENT PROGRAMME

Al-Ghazi Tractors has developed a whole scale industry that provides employment and employment generating activities, provides welfare services, marketing infrastructure and the impact of these activities has had a huge impact on transformation of the rural scene in the area. The benefits of the activities and developments at Al-Ghazi have trickled down to the rural masses. Al-Ghazi has directly facilitated the process of siphoning surplus labour from agriculture to the manufacture sector and with its allied activities, Al-Ghazi provides gainful employment opportunities to the locals in fields as diverse as welding to

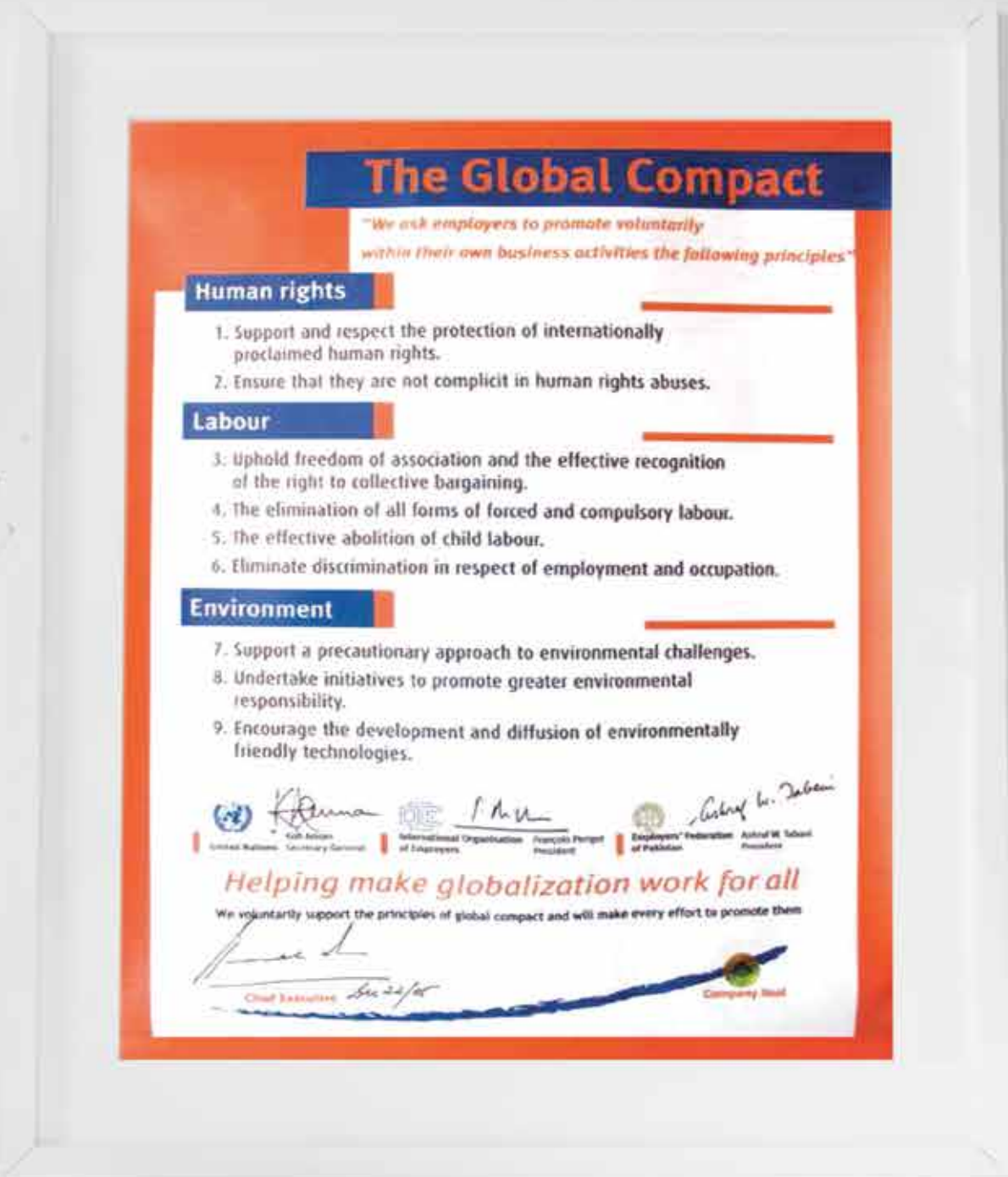
painting to finance and to information technology. Besides lasting rural development pattern, Al-Ghazi has concentrated on Human development with training and scholarships and development of infrastructure. Al-Ghazi has contributed to building a self-reliant society with a scientific bent through a system that trains our manpower for specific requirements in technology, engineering, administration, management and marketing etc.

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

Certifications for Best Practices



Every year the company is audited for upkeep of its activities.
Documentation is a pre-requisite for this certification.
ISO certification is now valid upto 2021 .



AGTL was the founding member of the UN "Global Compact" initiative when it was launched in December 2005.

The Company adheres to all the principles of the Global Compact with reference to Human Rights, Labour, Environment and Ethical practices.



Performance and Position



Key Operating and Financial Data

	2019	2018	2017	2016	2015	2014
	(Rupees in '000)					
Sales	15,719	23,933	24,423	16,206	13,385	12,416
Production	15,400	24,823	24,091	16,005	13,584	13,014
Profitability						
Revenue	13,992,388	19,372,522	18,871,448	12,098,828	9,636,109	8,780,685
Gross profit	2,544,716	4,665,484	5,259,738	3,348,741	2,499,478	2,268,143
Investment income	17,581	29,033	108,055	125,039	424,444	435,143
Profit before taxation	1,348,524	3,734,835	4,585,013	2,877,525	2,392,046	2,251,937
Income tax expense	370,872	1,282,321	1,461,893	950,641	799,763	677,193
Profit for the year	977,652	2,452,514	3,123,120	1,926,884	1,592,283	1,574,744
Earnings before investment income, tax and depreciation (EBITDA)	1,411,779	3,775,863	4,536,000	2,810,598	2,013,749	1,859,004
Manpower Cost - Direct	345,368	375,240	336,868	266,484	224,434	183,387
Manpower Cost - Indirect	287,773	303,572	236,217	217,209	263,981	219,621
Total Manpower Cost	633,141	678,812	573,085	483,693	488,415	403,008
Financial position						
Fixed assets	1,068,382	828,804	714,732	649,897	612,208	466,751
Long-term investments	-	-	-	-	-	42,800
Other non-current assets	4,757	4,696	4,660	5,818	2,913	2,131
Deferred tax asset	87,090	-	-	-	-	-
	1,160,229	833,500	719,392	655,715	615,121	511,682
Current assets	4,315,154	5,951,957	5,161,939	3,988,601	5,789,546	9,477,010
Current liabilities	4,442,078	5,299,961	3,670,255	1,202,327	549,079	1,349,292
Net working capital	(126,924)	651,996	1,491,684	2,786,274	5,240,467	8,127,718
Less: Non-current liabilities	129,588	116,099	85,260	82,520	67,008	87,905
Capital employed	903,717	1,369,397	2,125,816	3,359,469	5,788,580	8,551,495
Represented by:						
Share capital	289,821	289,821	289,821	289,821	289,821	289,821
Reserves	-	-	1,000,000	1,000,000	1,000,000	1,000,000
Unappropriated profit	613,896	1,079,576	835,995	2,069,648	4,498,759	7,261,674
	903,717	1,369,397	2,125,816	3,359,469	5,788,580	8,551,495
Cash Flows						
Operating activities	1,936,798	(1,155,682)	3,827,376	3,239,509	619,833	1,078,632
Investing activities	(303,716)	(151,004)	10,187	986,817	3,702,394	(342,666)
Financing activities	(1,393,589)	(3,713,121)	(3,803,822)	(4,339,794)	(4,321,698)	(1,219,754)

Analysis of Financial and Non-Financial Performance

AGTL believes in achievement of business objectives through both financial and non-financial factors. From the financial indicators like Sales revenue, net profit, gearing and liquidity etc. to non-financial indicators like brand image, customer centricity, shareholders satisfaction and human resource development, the Company focuses on all the aspects to maintain sustainable growth and to timely identify key focus areas for remedial actions and growth.

Budgets are set for both financial and non-financial factors and performance is assessed accordingly. Overall, majority of the targets set by the Company were achieved except for few indicators in which deviations were observed mainly due to drastic rupee devaluation, increase in raw material prices, locally as well as imported, uncertain political scenario and overall economic slowdown in automotive industry observed especially in the second half of the year.

Financial Indicators

Actual Results

Year 2019 had been a challenging year, The Company sold 15,719 tractors during the year 2019 as compared to 23,933 tractors sold in the year 2018. There were various factors contributing to lower sales volume of the year as compared to that of previous year. Weakening purchasing power of farmers, persistent economic slowdown and depressed automobile / tractor market remain the most significant issues. The gross margin remained under pressure owing to afore-said factors for lower sales volume, significant rupee devaluation, cost of inflation caused by the steep rise of metal prices and additional government levies applied at import stage on CKD components. Despite all of the above, 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 977 million translating into earnings per share (EPS) of Rs 16.87.

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

	2019	2018
	(Rupees in '000)	
Revenue	13,992,388	19,342,677
Gross profit	2,544,716	4,635,639
Profit before taxation	1,348,524	3,734,835
Income tax expense	370,872	1,282,321
Profit for the year	977,652	2,452,514

Production and sales volumes for the year 2018 and 2019 are as follows:

	2019	2018
	Units	
Sales	15,719	23,933
Production	15,400	24,823

Budget vs Actuals:

The Company has developed a system of budgeting which enables the preparation of a challenging yet achievable budget. The Company also performs forecasting at each quarter end to reflect the current market situation 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)	14,629,548
Actual	13,992,388

The Company achieved 96% of its budgeted revenue target. However, margins remained under pressure due to the reasons as enumerated above. That said, the Company is actively involved in exploring new markets and has adopted several aggressive marketing strategies to market its tractors.

Methods and Assumptions in Compiling Indicators

The Company has identified indicators that effectively reflect the Company's performance and profitability. The Company analyses its market positioning, competitors and general market conditions while compiling key indicators.

Sales are monitored on daily basis through various management reports and future lines of actions are decided accordingly. Gross profit, expenses, profit after tax and EPS are monitored on monthly basis to gauge performance. For management reporting purposes, the Company has developed a mix of system based and dashboard reports to compute various KPI's.

An effective financial reporting system coupled with various management reports and a three layer review system enables AGTL to report accurate, complete and reviewed information to all its stakeholders.

Non-Financial Indicators

Objective	Monitoring
Manufactured Capital Product Development	Research and Development projects undertaken in collaboration with CNHi to enable production of high quality tractors bearing low cost
Increase in Market Share	Aggressive marketing strategies resulting in maintaining market share
Operational Efficiency and Effectiveness	Continuous commitment to operational effectiveness through monitoring of production efficiency ratios and minimal production losses
Economize on Cost – Eliminating Redundancies	Optimum utilization of resources resulting in elimination of redundant costs
Human Capital Health, Safety and Environment	Effective system of horticulture and annual plantation project results in better environment for the employees.
Training and Education	Continuous training of employees and workers. Monitoring training need analysis with special focus on safety at work
Relationship Capital Supplier relationship Customer relationship	Timely payment to vendors to enhance vendor confidence and reliance Providing exquisite after sales services and support services to enhance customer loyalty and trust worthiness

Analysis of Financial Ratios

	2019	2018	2017	2016	2015	2014
(Rupees in '000)						
Profitability Ratios						
Gross profit ratio	18.19%	24.08%	27.87%	27.68%	25.94%	25.83%
Pre-tax profit ratio	9.64%	19.28%	24.30%	23.78%	24.82%	25.65%
Net profit to Sales	6.99%	12.66%	16.55%	15.93%	16.52%	17.93%
EBITDA margin to sales	10.09%	19.49%	24.04%	23.23%	20.90%	21.17%
Operating Leverage ratio	2.25	-6.31	1.10	1.55	0.85	-2.00
Return on asset	17.86%	36.14%	53.10%	41.49%	24.86%	15.77%
Return on Equity / Capital employed	108.18%	179.09%	146.91%	57.36%	27.51%	18.41%
Liquidity Ratios						
Current Ratio	0.97	1.12	1.41	3.32	10.54	7.02
Quick Ratio	0.34	0.46	0.78	2.13	6.61	5.40
Cash to current liabilities	0.04	0.06	0.37	1.10	4.24	2.91
Activity / Turnover Ratios						
Inventory turnover ratio	3.64	5.05	7.37	4.89	3.30	3.38
Receivables turnover ratio	423	565	129	79	464	98
Creditors turnover ratio	26	22	22	18	11	6
Fixed assets turnover ratio	13.10	23.37	26.40	18.62	15.74	18.81
Total assets turnover ratio	2.56	2.86	3.21	2.61	1.50	0.88
Operating Cycle						
No. of days in inventory	100	72	50	75	112	109
No. of days in receivables	1	1	3	5	1	4
No. of days in payables	14	17	17	20	34	58
Operating Cycle	87	56	36	59	78	54
Capital Structure Ratios						
Financial leverage ratio	0.88	0.44	-	-	-	-
Weighted average cost of debt	10.87%	3.10%	-	-	-	-
Debt to equity ratio (As per book value)	4.02	2.90	-	-	-	-
Debt to equity ratio (As per market value)	0.17	0.12	-	-	-	-
Interest cover ratio	4.38	30.74	-	-	-	-
Investment / Market ratios						
Pre-Tax Earning per share (Basic and diluted) - Rs	23.26	64.43	79.10	49.64	41.27	38.85
Post -Tax Earning per share (Basic and diluted) - Rs	16.87	42.31	53.88	33.24	27.47	27.17
Price earnings ratio	21.79	12.90	11.41	17.15	15.03	13.51
Dividend yield ratio	4.08%	7.14%	14.24%	13.16%	20.58%	6.81%
Dividend ratio	24.50	14.00	7.02	7.60	4.86	14.68
Dividend payout ratio	88.93%	92.17%	162.40%	225.61%	309.43%	92.02%
Dividend cover	1.12	1.08	0.62	0.44	0.32	1.09
Dividend per share						
- Cash	15.00	39.00	87.50	62.50	85.00	25.00
- Bonus	-	-	-	-	-	0.35
Dividend payout - Rs ' 000	869,463	2,260,604	5,071,868	4,347,315	4,926,957	1,449,105
Cash dividend - %	300%	780%	1750%	1500%	1700%	500%
Market value per share - Rs						
- Closing	367.5	546.00	614.55	570.00	413.00	367.02
- High	564.0	775.31	784.04	718.89	564.00	464.24
- Low	232.0	490.04	525.00	378.78	295.00	195.00
Market capitalisation - Rs Million	21,302	31,648	35,622	33,039	23,940	21,275
Breakup value per share - Rs	15.59	23.62	36.67	57.96	99.86	147.53
Market price to break up value	23.57	23.11	16.76	9.83	4.14	2.49
Earning Yield (%)	4.59%	7.75%	8.77%	5.83%	6.65%	7.40%

Comments on Ratios

Profitability Ratios

The Company's sound business performance is depicted through favorable profitability ratios over the years. FY 2017 witnessed giant leap forward with respect to profitability of the Company. In the year 2017, Company made historic achievements in profitability and posted ever highest profits and better profitability ratios. In the year 2019, various events like, dwindling PKR parity against USD, Increase in discount rates, decelerated economic activity halted Company's profit. Even in the midst of such a challenging environment, the Company posted healthy profitability ratios.

Liquidity and Turnover Ratios

The Company is currently facing liquidity challenges and incurring substantial financial cost due to. Increased utilization of overdraft facilities to support business operations burdened by decreased sales and corresponding liquidity and delayed sales tax refunds by the authorities.

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. Furthermore, the Company is working on various measures to reduce its working capital.

Market Ratios

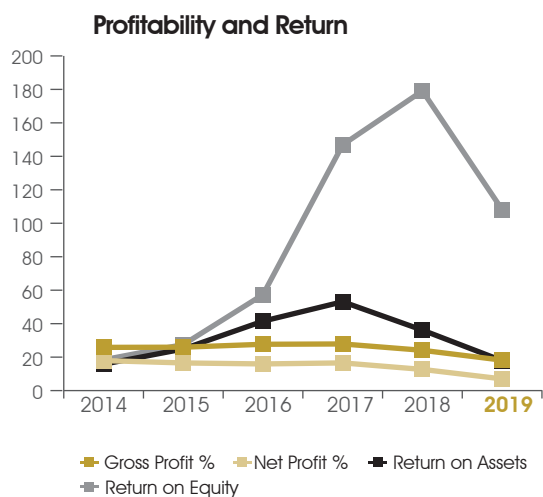
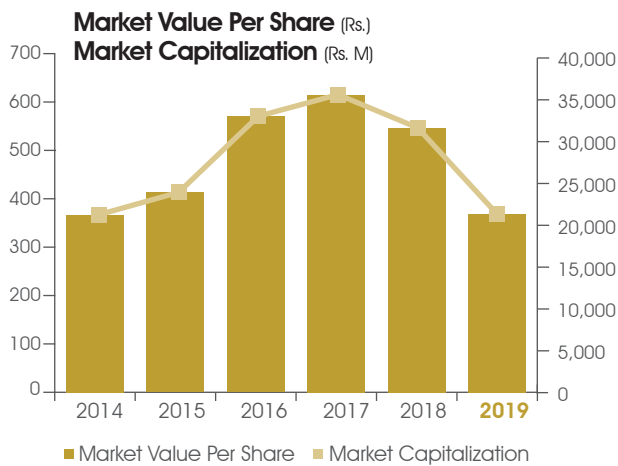
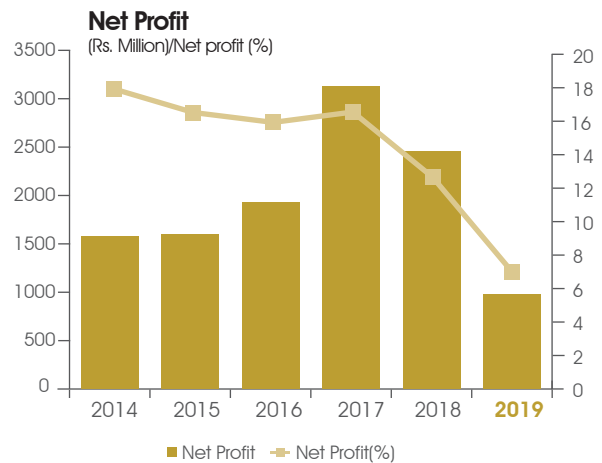
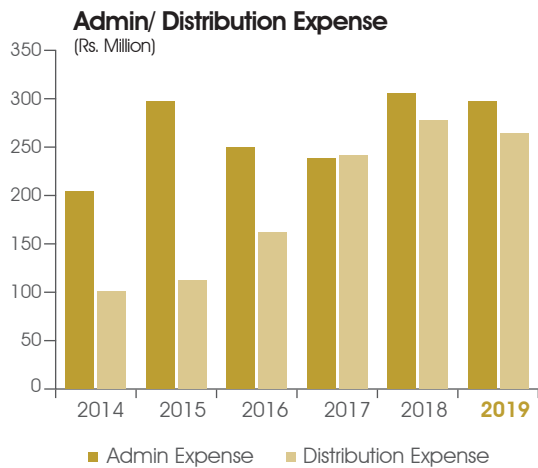
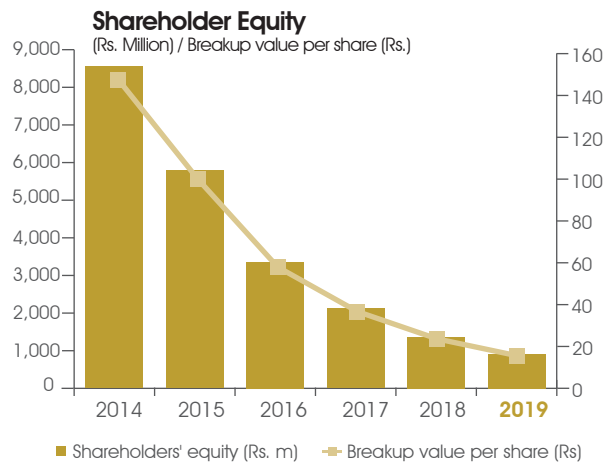
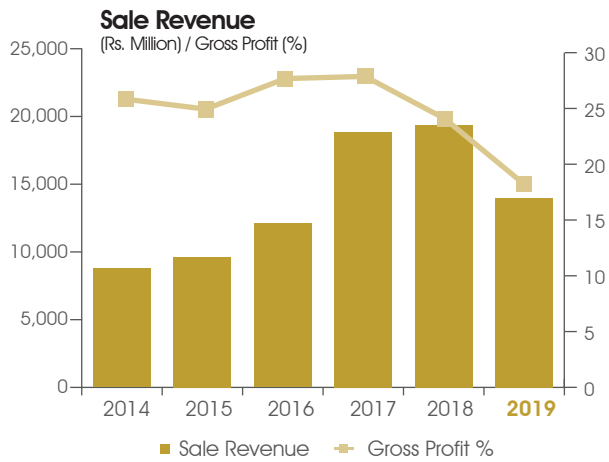
Market Ratios are the direct reflection of the performance of the Company. In the year 2019 market price per share and EPS decreased from last year due to decrease in sales, increase in raw material prices and foreign currency exchange rates. Though, AGTL has continuously maintained a dividend yield beyond the market norms in order to compensate its shareholders handsomely.

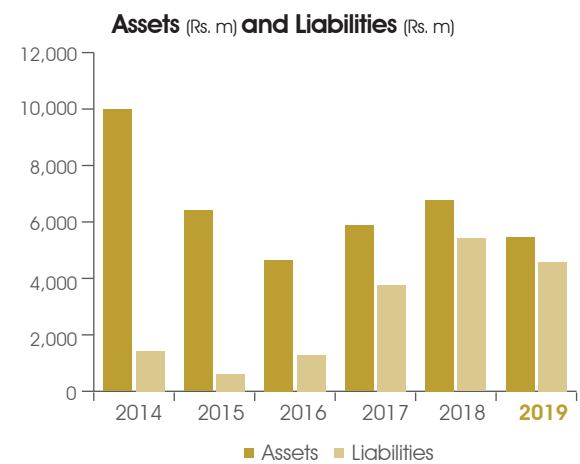
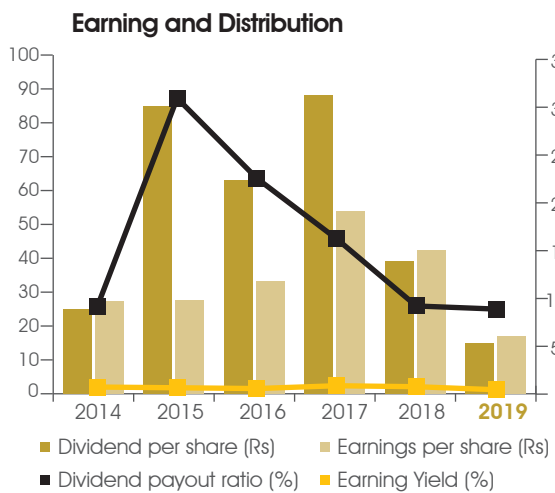
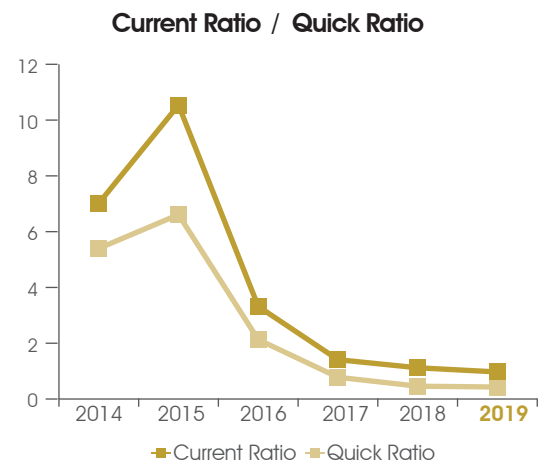
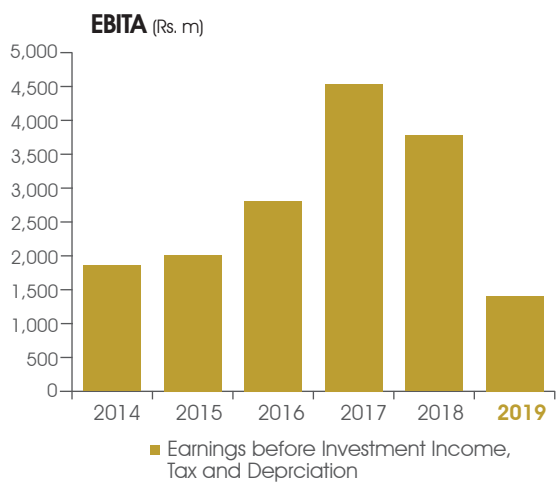
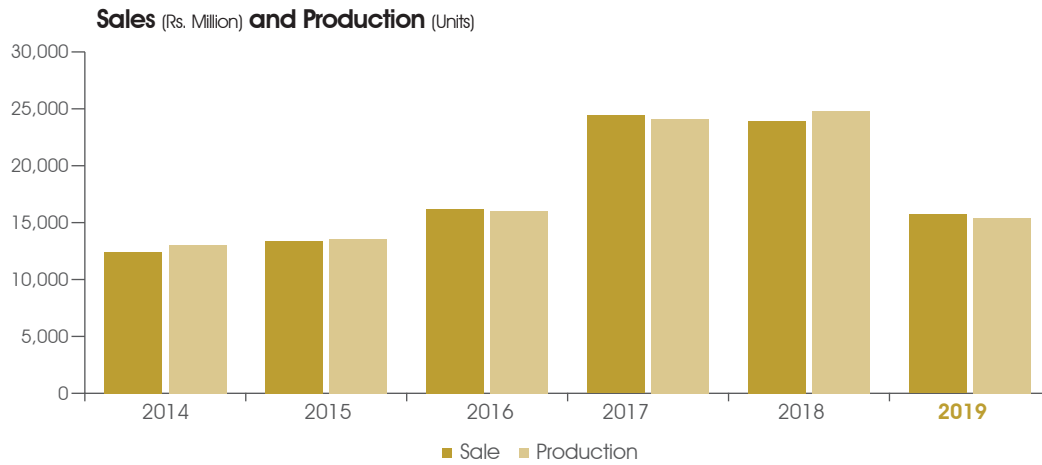
Capital Structure Ratios

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 since 2018.

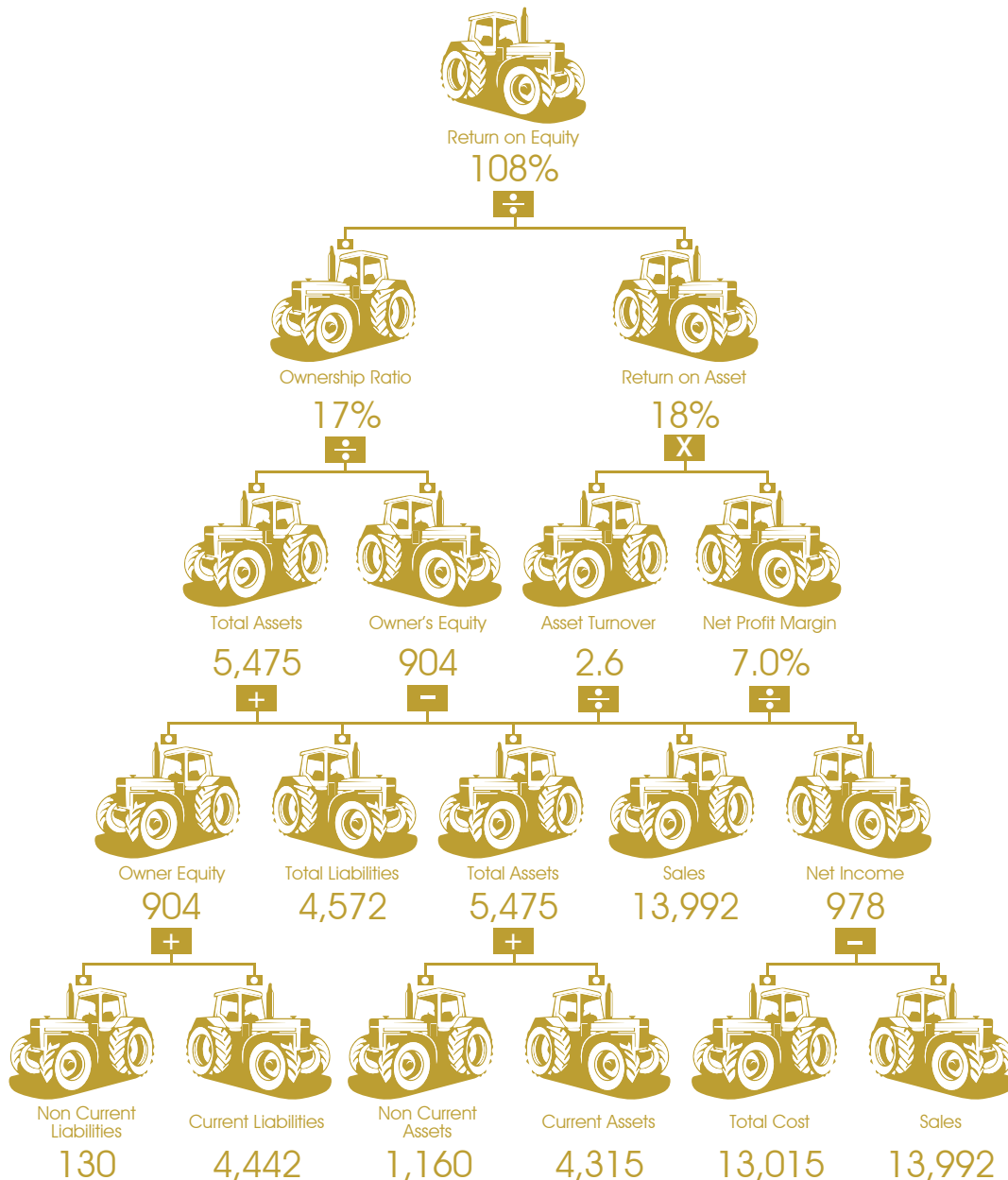
Capital structure ratios went upwards in 2019 as compared to last year mainly due to decrease in equity as result of excessive dividend payouts and reduced profitably.

Graphical Analysis





Dupont Analysis



Dupont Analysis

"Return on Equity decreased by 40% i.e. from 179% in 2018 to 108% in 2019 . Decrease in owner's equity by Rs.465 million and decrease in total assets by Rs.1,310 million coupled with decrease in Return on Assets by 18% as compared to last year contributed to this decrease,

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

Asset Turnover and Net Profit Margin both decreased as compared to last year mainly due to disproportionate decrease in sales as compared to decrease in total assets while net income also decreased as compared to last year resulting in decline in return on assets by 18% when compared with last year."

Six Years Horizontal Analysis

	2019	2018	2017	2016	2015	2014
	(Rupees in '000)					
BALANCE SHEET						
Fixed assets	1,068,382	828,804	714,732	649,897	612,208	466,751
Long-term investments				-	-	42,800
Long-term loans and deposits	4,757	4,696	4,660	5,818	2,913	2,131
Deferred tax asset	87,090					
Inventories	2,786,893	3,507,588	2,321,164	1,427,617	2,149,374	2,196,311
Trade receivables	9,624	56,606	12,023	279,759	27,759	13,796
Loan and advances	93,216	132,337	201,688	94,042	62,048	78,796
Trade deposits and short-term prepayments	7,398	43,305	11,871	6,119	6,821	32,219
Interest accrued	-	1	947	4,307	61,114	33,986
Other receivables	108,134	12,964	11,972	40,849	38,411	6,149
Taxation - payments less provision	347,462	108,040	40,075	-	70,828	-
Refunds due from the Government	773,334	1,797,206	1,221,688	819,138	1,017,953	1,281,074
Other financial assets	-	-	-	-	25,000	1,909,970
Cash and bank balances	189,093	293,910	1,340,511	1,316,770	2,330,238	3,924,709
Total assets	5,475,383	6,785,457	5,881,331	4,644,316	6,404,667	9,988,692
Current liabilities	4,442,078	5,299,961	3,670,255	1,202,327	549,079	1,349,292
Non-current liabilities	129,588	116,099	85,260	82,520	67,008	87,905
Total liabilities	4,571,666	5,416,060	3,755,515	1,284,847	616,087	1,437,197
Capital employed	903,717	1,369,397	2,125,816	3,359,469	5,788,580	8,551,495
Share capital	289,821	289,821	289,821	289,821	289,821	289,821
Reserves	613,896	1,079,576	1,835,995	3,069,648	5,498,759	8,261,674
Capital employed	903,717	1,369,397	2,125,816	3,359,469	5,788,580	8,551,495
PROFIT AND LOSS ACCOUNT						
Revenue	13,992,388	19,372,522	18,871,448	12,098,828	9,636,109	8,780,685
Cost of sales	11,447,672	14,707,038	13,611,710	8,750,087	7,136,631	6,512,542
Gross profit	2,544,716	4,665,484	5,259,738	3,348,741	2,499,478	2,268,143
Distribution expenses	263,946	276,950	240,830	162,088	111,907	101,463
Administrative expenses	296,763	305,425	237,798	250,336	297,194	203,668
	1,984,007	4,083,109	4,781,110	2,936,317	2,090,377	1,963,012
Other income	61,423	61,902	144,076	153,929	480,052	457,194
Other operating expenses	298,443	284,608	339,244	211,703	177,283	166,900
	1,746,987	3,860,403	4,585,942	2,878,543	2,393,146	2,253,306
Finance cost	398,463	125,568	929	1,018	1,100	1,369
Profit before taxation	1,348,524	3,734,835	4,585,013	2,877,525	2,392,046	2,251,937
Income tax expense	370,872	1,282,321	1,461,893	950,641	799,763	677,193
Profit for the year	977,652	2,452,514	3,123,120	1,926,884	1,592,283	1,574,744

Six Years Horizontal Analysis

	2019	2018	2017	2016	2015	2014
	(Increase / (decrease) from preceeding year in Rupees in '000)					
BALANCE SHEET						
Fixed assets	239,578	114,072	64,835	37,689	145,457	62,318
Long-term investments	-	-	-	-	(42,800)	(2,000)
Long-term loans and deposits	61	36	(1,158)	2,905	782	(7,202)
Deferred tax asset						
Inventories	(720,695)	1,186,424	893,547	(721,757)	(46,937)	487,413
Trade receivables	(46,982)	44,583	(267,736)	252,000	13,963	(152,510)
Loan and advances	(39,121)	(69,351)	107,646	31,994	(16,748)	5,403
Trade deposits and short-term prepayments	(35,907)	31,434	5,752	(702)	(25,398)	30,769
Interest accrued	(1)	(946)	(3,360)	(56,807)	27,128	30,461
Other receivables	95,170	992	(28,877)	2,438	32,262	(5,308)
Taxation - payments less provision	239,422	67,965	40,075	(70,828)	70,828	(30,669)
Refunds due from the Government	(1,023,872)	575,518	402,550	(198,815)	(263,121)	(428,342)
Other financial assets	-	-	-	(25,000)	(1,884,970)	(1,444,286)
Cash and bank balances	(104,817)	(1,046,601)	23,741	(1,013,468)	(1,594,471)	1,616,212
Total assets	(1,310,074)	904,126	1,237,015	(1,760,351)	(3,584,025)	162,259
Current liabilities	(857,883)	1,629,706	2,467,928	653,248	(800,213)	(188,602)
Non-current liabilities	13,489	30,839	2,740	15,512	(20,897)	18,325
Total liabilities	(844,394)	1,660,545	2,470,668	668,760	(821,110)	(170,277)
Capital employed	(465,680)	(756,419)	(1,233,653)	(2,429,111)	(2,762,915)	332,536
Share capital	-	-	-	-	-	75,139
Reserves	(465,680)	(756,419)	(1,233,653)	(2,429,111)	(2,762,915)	257,397
Capital employed	(465,680)	(756,419)	(1,233,653)	(2,429,111)	(2,762,915)	332,536
PROFIT AND LOSS ACCOUNT						
Revenue	(5,380,134)	501,074	6,772,620	2,462,719	855,424	(481,941)
Cost of sales	(3,259,366)	1,095,328	4,861,623	1,613,456	624,089	(680,715)
Gross profit	(2,120,768)	(594,254)	1,910,997	849,263	231,335	198,774
Distribution expenses	(13,004)	36,120	78,742	50,181	10,444	(23,745)
Administrative expenses	(8,662)	67,627	(12,538)	(46,858)	93,526	30,895
	(2,099,102)	(698,001)	1,844,793	845,940	127,365	191,624
Other income	(479)	(82,174)	(9,853)	(326,123)	22,858	54,911
Other operating expenses	13,835	(54,636)	127,541	34,420	10,383	16,919
	(2,113,416)	(725,539)	1,707,399	485,397	139,840	229,616
Finance cost	272,895	124,639	(89)	(82)	(269)	973
Profit before taxation	(2,386,311)	(850,178)	1,707,488	485,479	140,109	228,643
Income tax expense	(911,449)	(179,572)	511,252	150,878	122,570	25,389
Profit for the year	(1,474,862)	(670,606)	1,196,236	334,601	17,539	203,254

Six Years Vertical Analysis

	2019	2019	2018	2018	2017	2017
	(Rupees in '000)	%	(Rupees in '000)	%	(Rupees in '000)	%
BALANCE SHEET						
Fixed assets	1,068,382	118.22%	828,804	60.52%	714,732	33.62%
Long-term investments	-	-	-	-	-	-
Long-term loans and deposits	4,757	0.53%	4,696	0.34%	4,660	0.03%
Deferred tax asset	87,090	9.64%				
Inventories	2,786,893	308.38%	3,507,588	256.14%	2,321,164	109.19%
Trade receivables	9,624	1.06%	56,606	4.13%	12,023	0.57%
Loan and advances	93,216	10.31%	132,337	9.66%	201,688	9.49%
Trade deposits and short-term prepayments	7,398	0.82%	43,305	3.16%	11,871	0.56%
Interest accrued	-	0.00%	1	0.00%	947	0.04%
Other receivables	108,134	11.97%	12,964	0.95%	11,972	0.56%
Taxation - payments less provision	347,462	38.45%	108,040	7.89%	40,075	1.89%
Refunds due from the Government	773,334	85.57%	1,797,206	131.24%	1,221,688	57.47%
Other financial assets	-	0.00%	-	0.00%	-	0.00%
Cash and bank balances	189,093	20.92%	293,910	21.46%	1,340,511	63.06%
Total assets	5,475,383	605.87%	6,785,457	495.51%	5,881,331	276.66%
Current liabilities	4,442,078	491.53%	5,299,961	387.03%	3,670,255	172.65%
Non-current liabilities	129,588	14.34%	116,099	8.48%	85,260	4.01%
Total liabilities	4,571,666	505.87%	5,416,060	395.51%	3,755,515	176.66%
Capital employed	903,717	100.00%	1,369,397	100.00%	2,125,816	100.00%
Share capital	289,821	32.07%	289,821	21.16%	289,821	13.63%
Reserves	613,896	67.93%	1,079,576	78.84%	1,835,995	86.37%
Capital employed	903,717	100.00%	1,369,397	100.00%	2,125,816	100.00%
PROFIT AND LOSS ACCOUNT						
Revenue	13,992,388	100.00%	19,372,522	100.00%	18,871,448	100.00%
Cost of sales	11,447,672	81.81%	14,707,038	75.92%	13,611,710	72.13%
Gross profit	2,544,716	18.19%	4,665,484	24.08%	5,259,738	27.87%
Distribution expenses	263,946	1.89%	276,950	1.43%	240,830	1.28%
Administrative expenses	296,763	2.12%	305,425	1.58%	237,798	1.26%
	1,984,007	14.18%	4,083,109	21.08%	4,781,110	25.34%
Other income	61,423	0.44%	61,902	0.32%	144,076	0.76%
Other operating expenses	298,443	2.13%	284,608	1.47%	339,244	1.80%
	1,746,987	12.49%	3,860,403	19.93%	4,585,942	24.30%
Finance cost	398,463	2.85%	125,568	0.65%	929	0.00%
Profit before taxation	1,348,524	9.64%	3,734,835	19.28%	4,585,013	24.30%
Income tax expense	370,872	2.65%	1,282,321	6.62%	1,461,893	7.75%
Profit for the year	977,652	6.99%	2,452,514	12.66%	3,123,120	16.55%

Six Years Vertical Analysis

	2016	2016	2015	2015	2014	2014
	(Rupees in '000)	%	(Rupees in '000)	%	(Rupees in '000)	%
BALANCE SHEET						
Fixed assets	649,897	19.35%	612,208	10.58%	466,751	5.46%
Long-term investments	-	-	-	-	42,800	0.50%
Long-term loans and deposits	5,818	0.03%	2,913	0.03%	2,131	0.03%
Deferred tax asset						
Inventories	1,427,617	42.50%	2,149,374	37.13%	2,196,311	25.68%
Trade receivables	279,759	8.33%	27,759	0.48%	13,796	0.16%
Loan and advances	94,042	2.80%	62,048	1.07%	78,796	0.92%
Trade deposits and short-term prepayments	6,119	0.18%	6,821	0.12%	32,219	0.38%
Interest accrued	4,307	0.13%	61,114	1.06%	33,986	0.40%
Other receivables	40,849	1.22%	38,411	0.66%	6,149	0.07%
Taxation - payments less provision	-	0.00%	70,828	1.22%	-	0.00%
Refunds due from the Government	819,138	24.38%	1,017,953	17.59%	1,281,074	14.98%
Other financial assets	-	0.00%	25,000	0.43%	1,909,970	22.33%
Cash and bank balances	1,316,770	39.20%	2,330,238	40.26%	3,924,709	45.90%
Total assets	4,644,316	138.25%	6,404,667	110.64%	9,988,692	116.81%
Current liabilities	1,202,327	35.79%	549,079	9.49%	1,349,292	15.78%
Non-current liabilities	82,520	2.46%	67,008	1.16%	87,905	1.03%
Total liabilities	1,284,847	38.25%	616,087	10.64%	1,437,197	16.81%
Capital employed	3,359,469	100.00%	5,788,580	100.00%	8,551,495	100.00%
Share capital	289,821	8.63%	289,821	5.01%	289,821	3.39%
Reserves	3,069,648	91.37%	5,498,759	94.99%	8,261,674	96.61%
Capital employed	3,359,469	100.00%	5,788,580	100.00%	8,551,495	100.00%
PROFIT AND LOSS ACCOUNT						
Revenue	12,098,828	100.00%	9,636,109	100.00%	8,780,685	100.00%
Cost of sales	8,750,087	72.32%	7,136,631	74.06%	6,512,542	74.17%
Gross profit	3,348,741	27.68%	2,499,478	25.94%	2,268,143	25.83%
Distribution expenses	162,088	1.34%	111,907	1.16%	101,463	1.16%
Administrative expenses	250,336	2.07%	297,194	3.08%	203,668	2.32%
	2,936,317	24.27%	2,090,377	21.69%	1,963,012	22.36%
Other income	153,929	1.27%	480,052	4.98%	457,194	5.21%
Other operating expenses	211,703	1.75%	177,283	1.84%	166,900	1.90%
	2,878,543	23.79%	2,393,146	24.84%	2,253,306	25.66%
Finance cost	1,018	0.01%	1,100	0.01%	1,369	0.02%
Profit before taxation	2,877,525	23.78%	2,392,046	24.82%	2,251,937	25.65%
Income tax expense	950,641	7.86%	799,763	7.72%	677,193	7.71%
Profit for the year	1,926,884	15.93%	1,592,283	16.52%	1,574,744	17.93%

Comments on Horizontal & Vertical Analysis

Statement of Profit or Loss

Sales Revenue

Significant increase in Sales Revenue of CAGR 9.8% was noted from 2014 to 2019 mainly due to sale of increased volume of 15,719 units as compared to 12,416 units in 2014 coupled with increase in tractor prices. Increase in Sales Revenue is a result of differentiated marketing strategies, improved farmer's economic health, and recognition of Company's quality initiatives and Company's strategy of engaging with its customers.

Gross Profit

Lean management and rigorous cost discipline assisted in achieving an implausible Gross Profit over the years. The gross margin remained under pressure during last few years owing to significant rupee devaluation, cost of inflation caused by the steep rise of metal prices and additional government levies applied at import stage on CKD components. GP% of the company stands at 18.19% as compared to 24.08% last year.

Overheads

The Company strongly believes in cost saving initiatives and effective controls over expenditures to curtail its expenses. Compound annual growth of overheads, from 2014 to 2019, exhibited an increase of 10.67%, which is attributable to various marketing initiatives taken to enhance sales.

Finance Cost

Finance cost increase significantly during the year as a result of increased utilization of short term borrowing facility from bank to meet working capital requirement and also increase in borrowing rates by Government over the last few years.

Other Income

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

Profitability

A consistent growth in company's profitability was observed from 2014 to 2018. However, 2019 was very challenging for automobile / tractor market. The profit after tax stood at Rs.977 million as compared to Rs. 2,452 million in 2018 i.e. a decrease of 60% was noted as compared to last year mainly due to deteriorated sales volume against the backdrop of off-season, worsening water crisis which was affecting the farmers' economic health, various fiscal and tax measures by the Government and a general slowdown of the overall economic activity. The deterioration of the currency was another factor contributing to increased prices affecting affordability and volumes.

Statement of Financial Position

Equity and Reserves

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

Fixed Assets

Fixed assets of the Company grew over past six years from Rs.466 million in 2014 to Rs. 1,068 million in 2019. The increase is mainly attributable to capitalization of new Head office building in 2015 and various machinery and equipment used in production at Plant.

Stock in trade

The Company makes all efforts to maintain raw material and components inventory at safety stock levels to minimize production disruptions due to supply chain issues of auto sector. Notable decline in inventory as at Dec 31, 2019 was mainly due to reduce sales volume during the year and recording of aging based provision as per AI Futtaim Group policy.

Refunds due from the Government

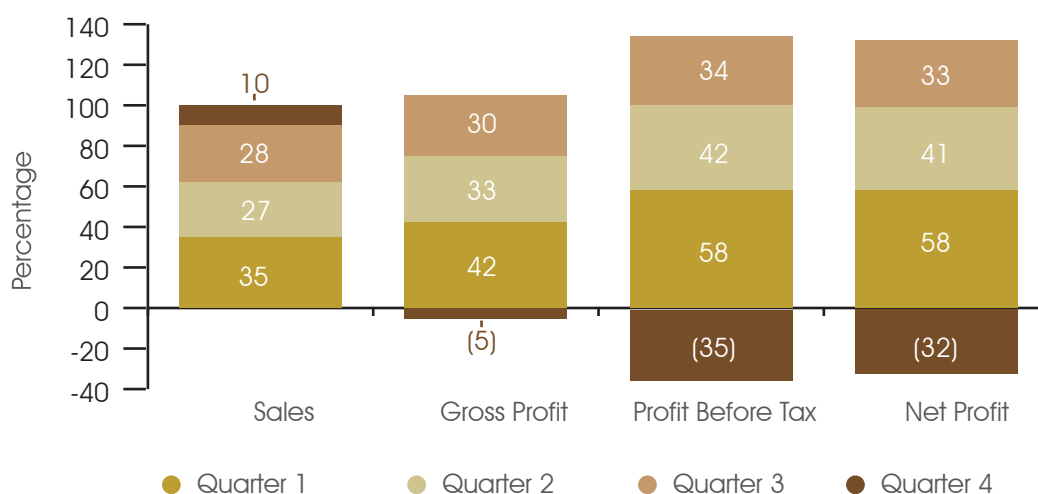
This represents sales tax refunds arising due to difference in the rate of input tax @ 17% and the output tax @ 5%. Significant amount of sales tax refund remained outstanding from the Government at year end 2019. Refund claims totaled Rs.773 million which represents a significant decrease of 57% as compared to last year mainly due to recovery of long outstanding refund received from govt. during the year worth Rs. 2 billion.

Cash and bank balances

High dividend payouts from year 2015 onwards have resulted in availization of short term finances from bank during 2018 to cater the working capital requirement. Cash in bank amounted to Rs.189 million while short term borrowing from bank amounted to Rs.3.6 billion thus a negative net cash balance of Rs.3.4 billion existed at the year end.

Quarterly Analysis

	1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter	Annual
Revenue	4,833,191	3,737,979	3,970,465	1,450,753	13,992,388
Cost of sales	(3,761,472)	(2,898,223)	(3,206,847)	(1,581,130)	(11,447,672)
Gross profit	1,071,719	839,756	763,618	(130,377)	2,544,716
Gross profit %	22.2%	22.5%	19.2%	-9.0%	18.2%
Distribution expenses	(69,658)	(81,704)	(35,593)	(76,991)	(263,946)
Administrative expenses	(76,731)	(70,672)	(146,563)	(2,797)	(296,763)
	(146,389)	(152,376)	(182,156)	(79,788)	(560,709)
Other income	14,439	21,661	14,943	10,380	61,423
Other operating expenses	(57,324)	(42,814)	(35,702)	(162,603)	(298,443)
Operating Profit	882,445	666,227	560,703	(362,388)	1,746,987
Finance cost	(97,061)	(96,888)	(97,151)	(107,363)	(398,463)
Profit before taxation	785,384	569,339	463,552	(469,751)	1,348,524
Income tax expense	(219,775)	(172,999)	(136,551)	158,453	(370,872)
Profit for the year	565,609	396,340	327,001	(311,298)	977,652
Net profit %	11.7%	10.6%	8.2%	-21.5%	7.0%



Comments on Quarterly Analysis

Quarter 1

Despite continuity of depressed tractor market and economic conditions, the Company through aggressive marketing approach and strategies still managed to sell 5,716 tractors in the current quarter, in comparison to last year's first quarter where 8,827 tractors were sold. The Company managed to earn Gross Profit of Rs. 1,072 million compared to Rs. 1,886 million of same period last year mainly on the back of lower sales volume.

With resilient best management practices and good governance which are central to AGTL's approach to business, the Company managed to earn post-tax profit of Rs. 565 million, as compared to Rs. 1,136 million for same period last year. EPS for the current quarter was Rs. 9.76 per share.

Quarter 2

Although the significant economic slow-down and depressed automobile / tractor market continued, Company's quality initiatives and by engaging customers through different marketing strategies helped AGTL to sell 9,838 tractors during the period as compared to 15,778 tractors delivered in the corresponding prior period. During the quarter, Gross margins remained under pressure due to Rupee devaluation and cost inflation as a result of steep rise of metal prices in the international market. The Company managed to earn a Gross Profit of Rs. 1,911 million during the current half year as compared to Rs. 3,291 million of same period last year.

Post-tax profit for current half-year stood at Rs. 962 million, as compared to Rs. 1,854 million for same period last year. Accordingly, EPS for the current half-year was Rs. 16.60 per share.

Quarter 3

Rising inflation, weakening purchasing power of farmers and persistent economic slowdown remained to be significant issues contributing in a considerable slow down. Despite these factors, the Company continued its efforts of engaging with customers and ensuring quality improvements with efficiencies. Sales of 4,470 tractors were made in current quarter as against 3,602 tractors sold in third quarter of 2018.

The Company gross margin remained under pressure owing to legitimate price increases given to vendors and additional government levies applied at import stage on CKD components. The gross profit for third quarter ended September 30, 2019 was Rs. 764 million as compared to Rs. 595 million for corresponding previous period. The Company was able to receive Rs 2 billion of sales tax refund from government during the quarter, resulted in reduced financial burden on the Company.

Quarter 4

The drop in sales continued during the last quarter as the company managed to sell only 1,411 tractors in the last quarter as compare to 4,553 tractor in same period last year.

Despite several challenges resulting from significant rupee devaluation, rising interest rates and considerable increase in component prices, the Company was able to achieve a gross profit of 18.2% as compared to 24.0% in 2018.

The Company ended the year with accumulated sale of 15,719 tractors as compared to 23,933 tractors sold in the year 2018. The Company's revenue decreased by 28% to Rs. 13.9 billion mainly on account of arduous decline in tractor market.

Direct Cash Flow Statement

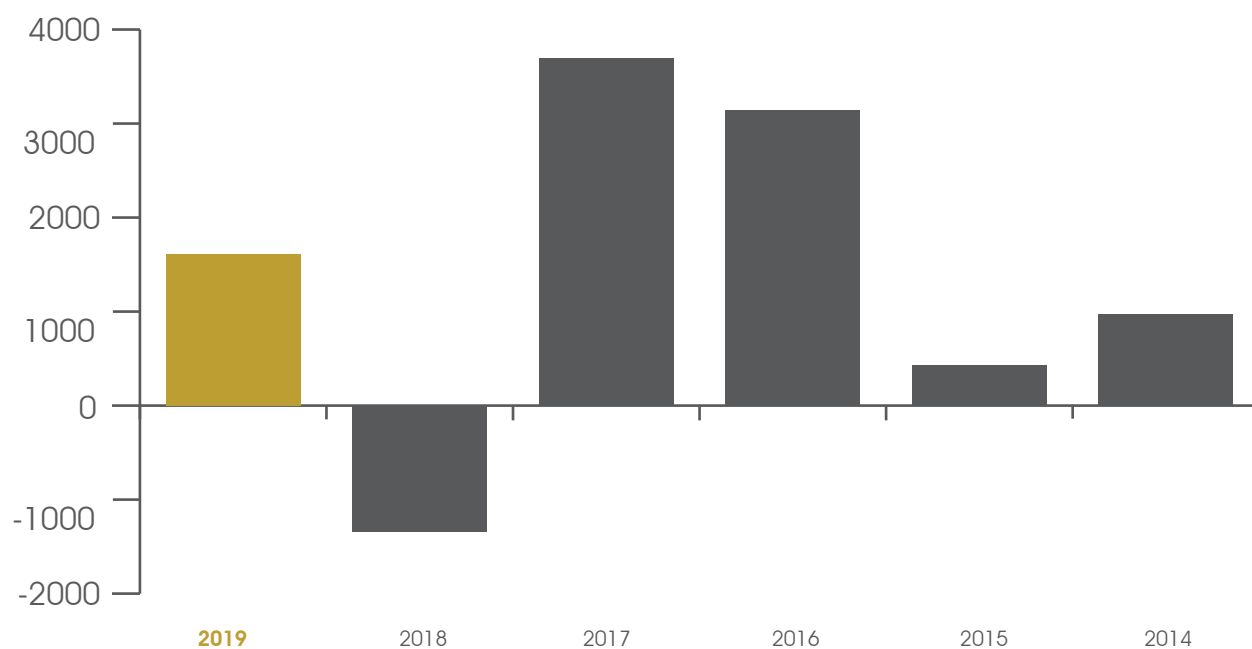
	2019	2018
	(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES		
Cash receipts from customers	14,051,549	17,487,323
Cash paid to suppliers / service providers and employees	(11,985,613)	(16,400,260)
Workers Funds	(158,954)	(360,626)
Income tax paid	(727,824)	(1,355,584)
Sales tax refund / (payment)	1,023,872	(575,518)
Finance Cost paid	(359,256)	(54,754)
Retirement benefits	(26,671)	36,138
Loans, deposits and other operating income - net	119,694	67,599
Net cash (used) / generated from operating activities	<u>1,936,797</u>	<u>(1,155,682)</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Fixed capital expenditure	879	(184,195)
Proceeds from disposal of fixed assets	(320,631)	2,968
Reurn on bank deposits	17,582	29,979
(Increase) / decrease in long-term loans	(1,546)	244
Net cash (used) / generated from investing activities	<u>(303,716)</u>	<u>(151,004)</u>
CASHFLOW FROM FINANCING ACTIVITIES		
Dividend paid	(1,393,589)	(3,713,121)
Net (decrease) / increase in cash and cash equivalents	<u>239,492</u>	<u>(5,019,807)</u>
Cash and cash equivalents at the beginning of the year	<u>(3,679,296)</u>	<u>1,340,511</u>
Cash and cash equivalents at the end of the year	<u><u>(3,439,803)</u></u>	<u><u>(3,679,296)</u></u>

Free Cash Flows

	2019	2018	2017	2016	2015	2014	2013
	(Rupees in '000)						
Profit before taxation	1,348,524	3,734,835	4,585,013	2,877,525	2,392,046	2,251,937	2,023,294
Adjustment of non cash items	475,355	175,568	7,820,806	(33,327)	(339,357)	(388,505)	(343,829)
working capital changes	112,919	(5,066,085)	(4,814,506)	395,311	(1,432,856)	(784,800)	(503,779)
Net cash generated from operating activities	1,936,798	(1,155,682)	7,591,313	3,239,509	619,833	1,078,632	1,175,686
Capital expenditure	(320,631)	(184,195)	(184,195)	(95,875)	(191,609)	(104,872)	(71,518)
Free Cash flows	1,616,167	(1,339,877)	7,407,118	3,143,634	428,224	973,760	1,104,168

Comments :

Significant Increase in free cash flows is mainly due to decrease in inventory and sale tax refund received from government authorities.



Statement of Value Addition

Wealth Generated

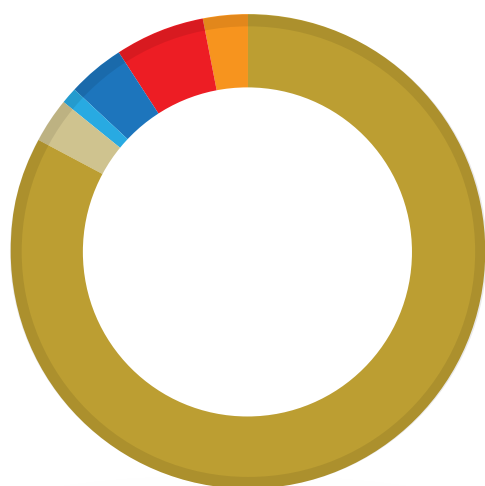
Sales
Other income

2019		2018	
(Rupees in '000)	%	(Rupees in '000)	%
13,992,388	100%	19,372,522	100%
61,423	0.4%	61,902	0.3%
14,053,811	100%	19,434,424	100%

Distribution of Wealth

Cost of sales & overheads (excluding remuneration)
To employees as remuneration
To government as tax
WPPF and WWF
To shareholders as dividend
Cash (injected from) / Retained within the business

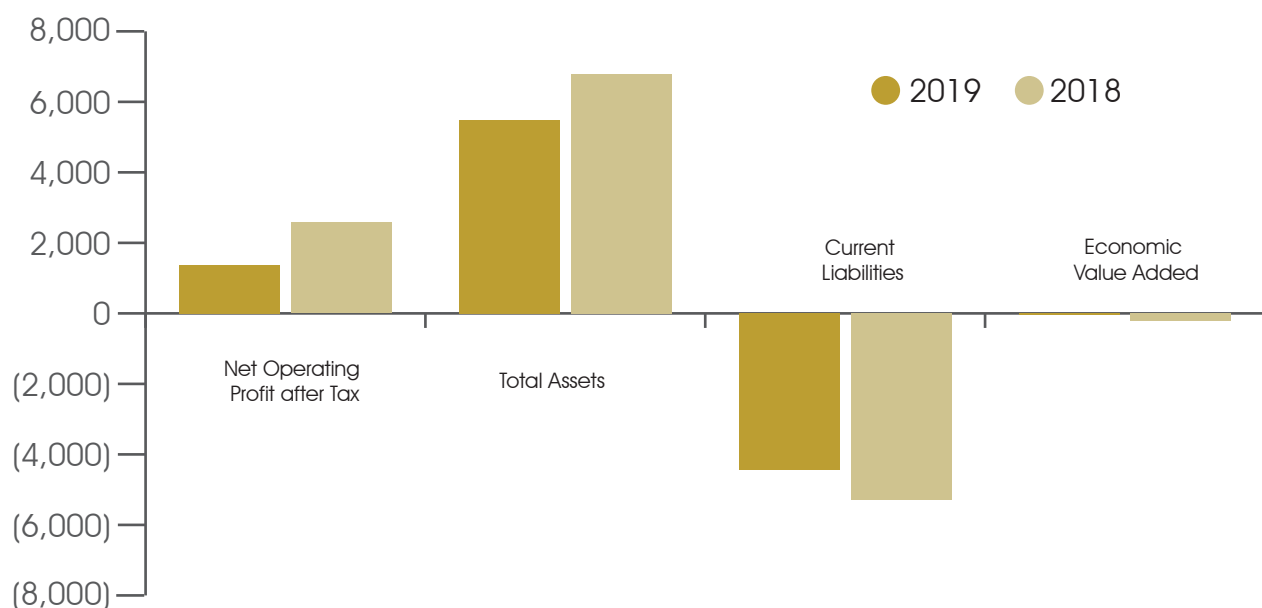
11,692,867	83%	14,666,108	75%
633,141	4%	678,812	3%
370,872	3%	1,282,321	7%
109,268	1%	284,608	2%
869,463	6%	2,260,604	12%
378,200	3%	261,971	1%
14,053,811	100%	19,434,424	100%



● Cost of sales & overheads	83%
● To government as tax	3%
● WPPF and WWF	1%
● To employees as remuneration	4%
● To shareholders as dividend	6%
● Cash (injected from business)	3%

Economic Value Added

	2019	2018
	(Rupees in '000)	
Net Operating Profit after Tax	1,376,115	2,578,082
Cost of Capital	(51,025)	(206,999)
Economic Value Added	1,325,090	2,371,083
Total Assets	5,475,383	6,785,457
Current Liabilities	(4,442,078)	(5,299,961)
Invested Capital	1,033,305	1,485,496
WACC	4.94%	13.93%
Cost of Capital	51,025	206,999



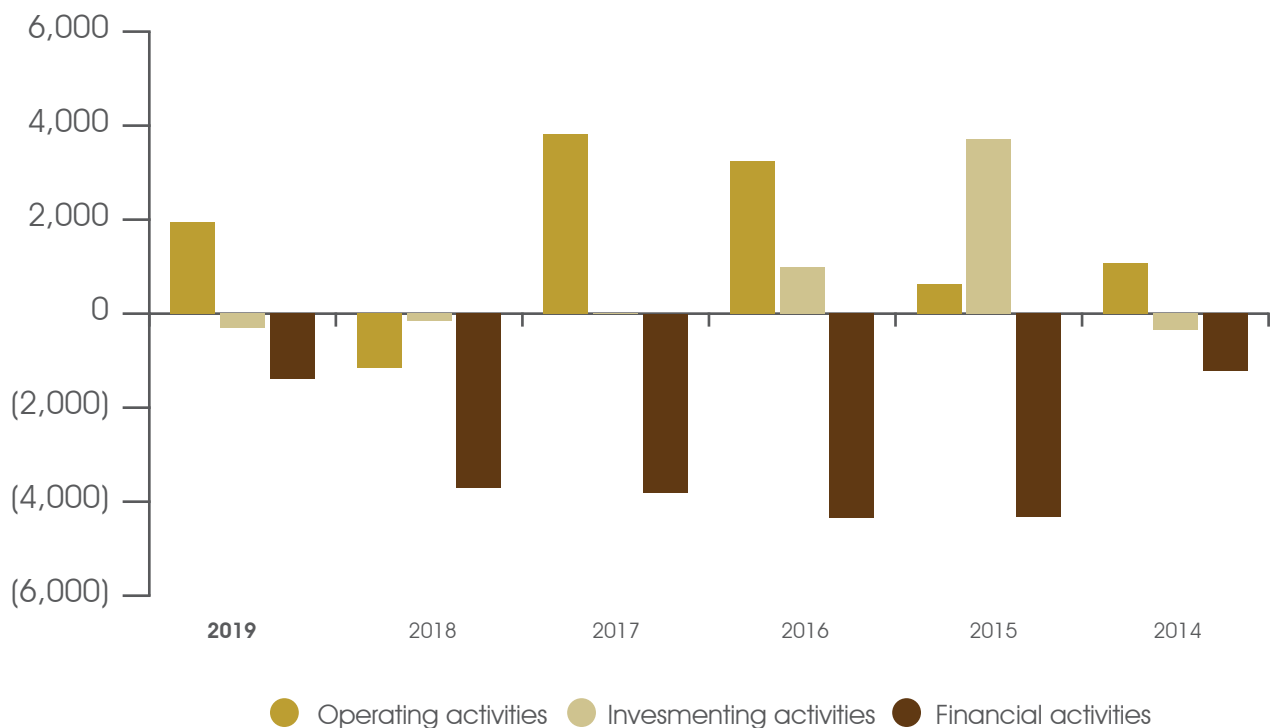
Comments on Economic Value Added

Economic value addition is lower than last year mainly on account of lower operating profit owing to reduced volumes as compared to last year.

The Company has reduced WACC in current year as compared to 2018. WACC reduced mainly on account of reduced cost of equity owing to reduced dividend per share in current period.

Summary of Statement of Cash Flows-Last Six Years

	2019	2018	2017	2016	2015	2014
	(Rupees in '000)					
Net cash (used in) / generated from operating activities	1,936,798	(1,155,682)	3,827,376	3,239,509	619,833	1,078,632
Net cash generated from / (used in) investing activities	(303,716)	(151,004)	10,187	986,817	3,702,394	(342,666)
Net cash generated from / (used in) financing activities	(1,393,589)	(3,713,121)	(3,803,822)	(4,339,794)	(4,321,698)	(1,219,754)
Net (decrease) / increase in cash and cash equivalents	239,493	(5,019,807)	33,741	(113,468)	529	(483,788)
Cash and cash equivalents as at the beginning of the year	(3,679,296)	1,340,511	1,306,770	1,420,238	1,419,709	1,903,497
Cash and cash equivalents as at the end of the year	(3,439,803)	(3,679,296)	1,340,511	1,306,770	1,420,238	1,419,709



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 2019 mainly on account of reduced investment in stock and recovery of Rs. 2 billion against tax refund due from Government.

Net cash used in investing activities depicts cash utilization on account of fixed capital expenditure. Moreover, in current year fixed capital expenditures mainly represented CAPEX relating to store shed, paint shop up gradation and other machinery and tools. Further the trend also depicts reduction in return on investment over the period mainly on account of reduced investment.

Cash outflow from financing activities represents dividend payments which has decreased over the last years owing to reduced profits. A total of Rs.1.4 billion was paid as dividend during the year 2019 as compared to Rs.3.7 billion in 2018.

During the year 2018, Company obtained notable value of running finance facility for smooth business operations. Running finance facility at 31st Dec, 2019 stood at Rs.3.6 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 the performance and share price of the Company may be sensitive.

GOVERNMENT DECISIONS

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

PLANT OPERATIONS

Stability of plant operations is of paramount importance. Stable plant operations allow for higher production and add to the profitability of the Company which can positively affect the share price.

VARIATION IN MATERIAL COSTS

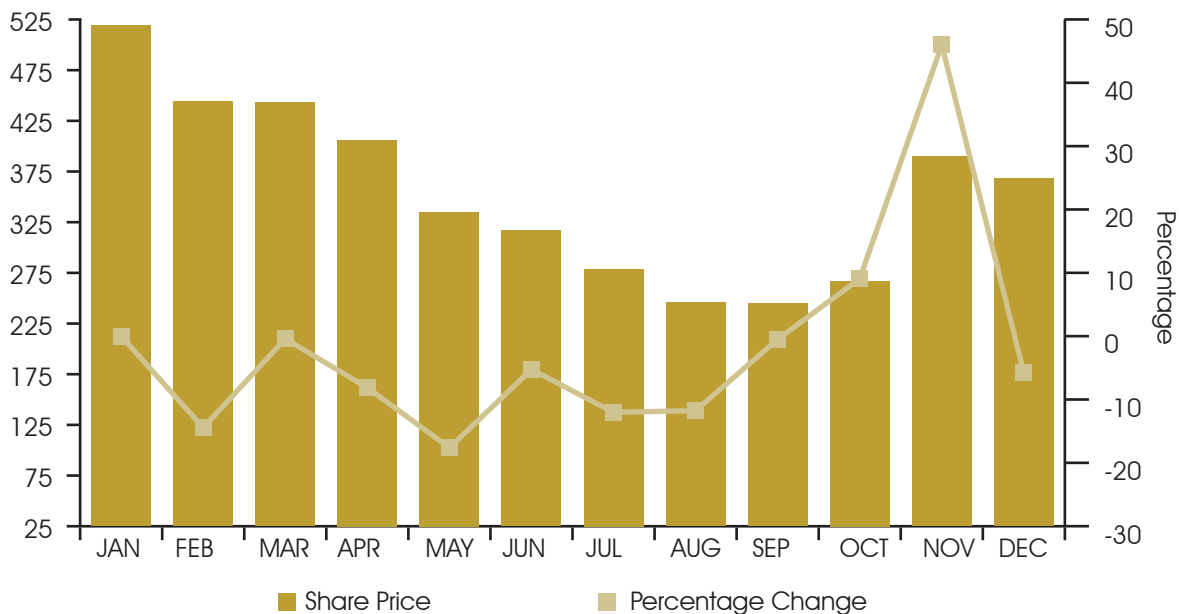
Being a manufacturing concern, material cost comprises of a significant portion of variable cost. Any increase in material costs impacts the gross profit and results in reduced profits. This may adversely affect the share price.

LAW AND ORDER

Political uncertainty makes business skittish and jeopardizes economic and business activity. Production suffers because of supply chain issues arising out of law and order problems

EXCHANGE FLUCTUATION

The Company is exposed to exchange rate fluctuations since some of the raw materials are imported by the Company. Continuous depreciation of Pak Rupee have adversely affected the financial performance of the Company.



Segmental Review of Business

MARKET SEGMENT/SHARE

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

This sector has in general recorded a growth as against the previous year. Overall the tractor industry witnessed a significant decrease of 35% in the calendar year 2019 as compared to the comparable period.

According to published numbers, 41,156 tractors were sold during the current period as against 63,060 last year. AGTL is the second largest player in the tractor industry in Pakistan. Despite extremely challenging market situation during the second half of the year, AGTL managed to maintain its market share at 38%

OPERATING SEGMENTS

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

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



Tractor Industry

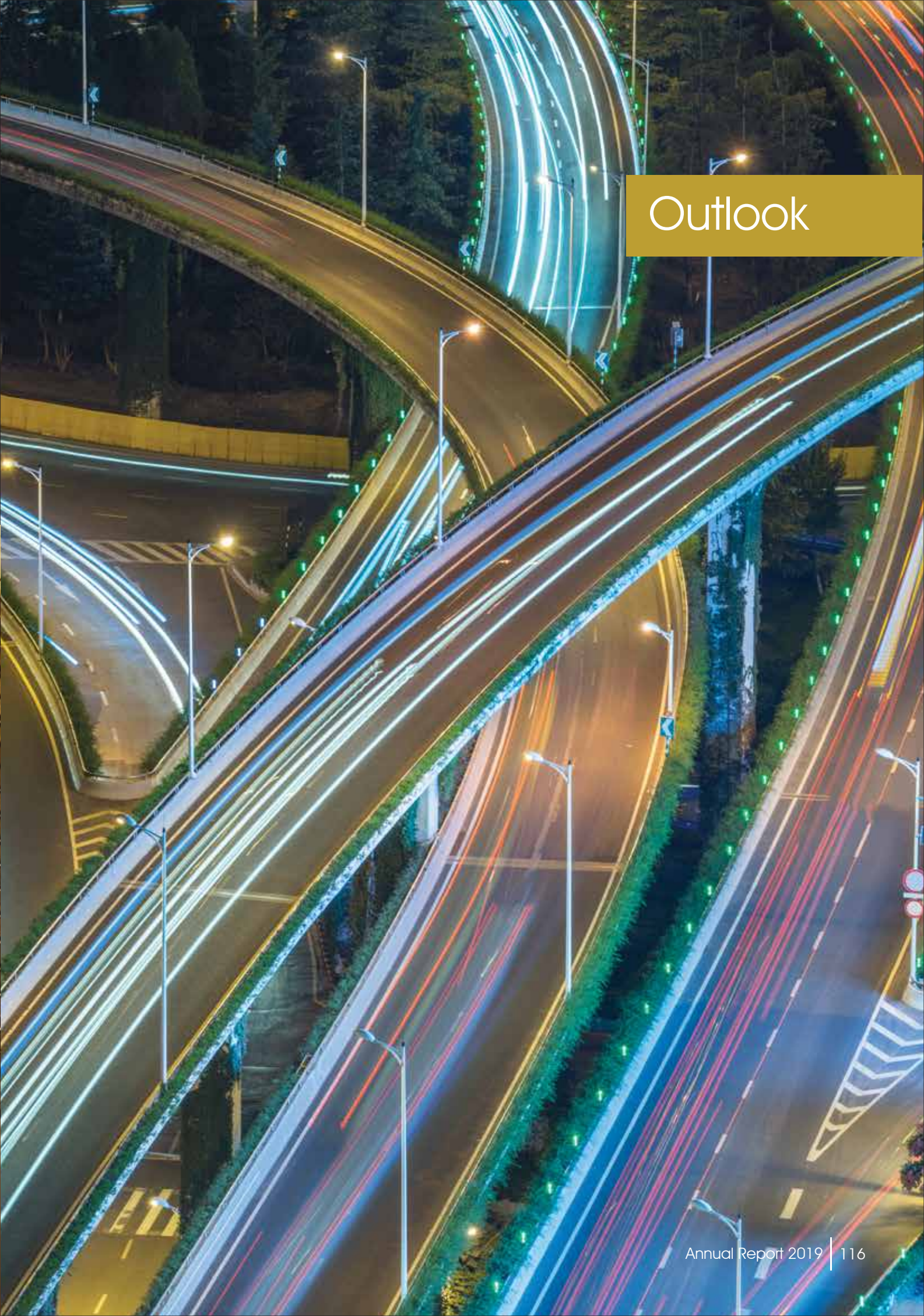
● AGTL	38%
● Tractor Industry	62%

Major Capital Projects

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

All major capital expenditure/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 effectiveness and efficiency of tractor's 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.





Outlook

Forward Looking Statement

Pakistan has undergone one of the most challenging economic situations that has affected almost all the sectors negatively during the year 2019, automotive sector being the one, worst hit by the economic downturn. Rising inflationary pressure, increasing discount rates and Pakistan Rupee devaluation against the dollar has all affected the economy, and the company as well. This remained a cause of concern and an area of business risk for the Company.

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

AGTL's contribution towards the rural development in Dera Ghazi Khan are well documented. AGTL recognizes its role towards corporate social responsibility and plans its efforts for environmental protection and restoration.

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

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

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

Trends and Uncertainties

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

Steps taken to address uncertainties

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

Financial Projections

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

Sources of Information and Assumptions Used for Forecasts

The company prepares annual budgets and forecasts to manage business more effectively. The forecasting is done keeping in view the historical data, industrial trends and best practices to be followed. Marketing team is fully involved for preparation of sales forecast. All variables such as number of active dealerships, fluctuations due to seasonal impacts, expected Govt. schemes and market potential are accounted for while budgeting or forecasting sales volume for the following year.

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

Company Performance against Last Year's Projections

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

Status of Projects

The Company has successfully completed the construction of its state of the art QA Lab building in 2019. 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.

External Environment

1. Political

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

2. Economical

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

3. Social

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

4. Technological

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

5. Legal

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

Awards for the Year 2019



Best Corporate Report Award

Al Ghazi Tractors Ltd. was awarded 1st position for "Best Corporate Report Award 2018" in the Engineering & Auto Sector. This award was presented to AGTL by The Joint Committee of The Institute of Chartered Accountants of Pakistan (ICAP) and the Institute of Cost and Management Accountants of Pakistan (ICMAP).

Corporate Excellence Award

Al Ghazi Tractors Ltd. received the coveted Corporate Excellence award from the Management Association of Pakistan for demonstrating excellence in corporate management.



Top Companies Award

Al Ghazi Tractors Ltd. was rated 2nd at the Top 25 Companies of PSX which is one of Pakistan's premier corporate recognition

Stakeholder Relationship and Engagement



Stakeholders' Engagement

Per Board, AGTL is committed to conduct and enhance its relationship with all classes of stakeholders acting in good faith, with loyalty, fairness, transparency and with due respect for the Company's core ethical values. Further, the objective of the Company's investor relations policy is to govern the disclosure of material information to analysts, shareholders and potential investors in a manner designated to provide 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
Government and regulatory bodies	<ul style="list-style-type: none"> • Compliance with laws and regulations • Collaboration and access to information • Technical support on specific industry related issues
Employees	<ul style="list-style-type: none"> • Clarity of organization and protection in periods of uncertainty • Clear and transparent reward system • Training and professional development • Stimulating and safe work environment • Information on Company's strategy and results
Employees' families / Community Development	<ul style="list-style-type: none"> • Indirect participation in corporate life
Dealers and service network	<ul style="list-style-type: none"> • Complete and rapidly accessible product information • Business profitability • Quality and reliability of products / parts • Competitive prices • Extension of financial and non-financial assistance
Existing and prospective customers	<ul style="list-style-type: none"> • Quality, reliability and safety of products • Competitive prices • Speed and efficiency of after sales services
Suppliers	<ul style="list-style-type: none"> • Continuity of supply • Fulfillment of contractual obligation
Shareholders	<ul style="list-style-type: none"> • Access to information • Transparent and responsible management • Value creation (return on investment, sustainability of business)
Analysts / Institutional investors	<ul style="list-style-type: none"> • Availability of relevant information
Banks / financial institutions	<ul style="list-style-type: none"> • Continuity of business and operations • Good financial management
Media	<ul style="list-style-type: none"> • Fulfillment of obligations of arrangement

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

Notice of 37th Annual General Meeting

Notice is hereby given that the 37th Annual General Meeting of Al-Ghazi Tractors Limited (the Company) will be held on Monday, 15 June 2020 at 01:30 p.m. through video-conference facility to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statements, the Chairman's Review Report, the Directors' Report and the Auditors' Report for the year ended 31 December 2019.
2. To appoint Auditors for the term ending at the conclusion of next annual general meeting and to fix their remuneration. The retiring Auditors M/s. A. F. Ferguson & Co. being eligible, have offered themselves for reappointment. The members are hereby notified that the audit committee and board of directors have recommended the name of retiring auditors M/s. A. F. Ferguson & Co. for re-appointment as auditors of the Company.

By Order of the Board



Muhammad Babar Khan
Company Secretary
Karachi, 21 May, 2020

NOTES:

1. The share transfer books of the Company will remain closed from 09 June 2020 to 15 June 2020 (both days inclusive). Transfers received in order at our Share Registrar's office, M/s FAMCO Associates (Pvt.) Ltd. situated at 8-F Next to Hotel Faran, Nursery, Block 6, P.E.C.H.S, Shahrah-e-Faisal, Karachi, by the close of business on 08 June 2020 will be treated in time for the purpose of entitlement of the transferees to attend and vote at the meeting.
2. For attending the annual general meeting, members are required to email their name, folio number, valid email address and number of shares held in their name to agm@alghazitractors.com with subject of email stated as 'Registration for AGM of AGTL'.
3. Link for videoconference and related credentials will be shared only with those members/proxies whose emails containing all the required particulars are received at the given email address by or before 05:00 P.M. on 11 June 2020. The shareholders can also provide their comments and questions for the agenda items of the AGM on agm@alghazitractors.com.
4. A member entitled to attend and vote may appoint a proxy to attend and vote on his/her behalf. No person shall act as a proxy (except for a corporation) unless he/she is entitled to be present and vote in his/her own right. Proxies, in order to be effective, must be received at the Registered Office of the Company duly stamped and signed not less than 48 hours before the time of the meeting. 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 below) to agm@alghazitractors.com.
5. CDC share holders or their proxies are requested to bring with them their Computerized National Identity Card or Passport along with the participants ID number and their Account Number at the time of attending the Annual General Meeting through video-conference in order to facilitate their identification. For CDC

shareholders, the representatives of corporate bodies should bring in video-conference 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.

6. Members (non-CDC) are requested to promptly communicate to the Share Registrar of the Company any change in their addresses. CDC shareholders should submit any change in their addresses to the CDC. The Individual Members who have not yet submitted photocopy of their valid CNIC and Corporate Entities who have not yet submitted their NTN 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 registrar at the address given herein above, in case of physical shareholders. Please provide folio numbers with the copy of CNIC / NTN.
7. Shareholders who could not collect their previous dividend/shares are advised to contact our Share Registrar 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.
8. 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 the Company's website.
9. The financial statements of the Company for the year ended 31 December 2019 along with reports have been placed on the website of the Company. The Annual Report for 2019 of the Company shall be electronically available on the PUCARS system of the Pakistan Stock Exchange Limited and the Company's website under section of Shareholders Information. Additionally, in the interest of shareholders, for those shareholders who had provided previously their valid email addresses, arrangement has been made to send our 2019 annual report to such shareholders through email; and for those shareholders who had not provided email addresses it has been arranged to courier a letter to them guiding them to access our 2019 annual report electronically.

Investor Relations

At AGTL we are committed to ensuring that shareholders and investors have easy access to clear, reliable and meaningful information on the company in order to make informed investment decisions. In the context of constantly evolving requirements of disclosure, transparency and corporate governance, we aim to provide investors with an accurate, coherent and balanced account of company's performance. To do this, multiple communication platforms are utilized including annual general meetings with shareholders and the investor relations section on our website. Apart from financial results, the website, www.alghazitractors.com, has other investor related information including Company profile, annual and quarterly reports, major announcements and information on free float shares.

Further, video 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 2,681 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	604,336 shares	=	1.04%
Individual and others	3,344,781 shares	=	5.77%
Total	57,964,201 shares	=	100%

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. 903.7 million. The Company's five rupee share is without any doubt the top stock of the Auto and Industrial Engineering sector of Pakistan.

ANNUAL GENERAL MEETING

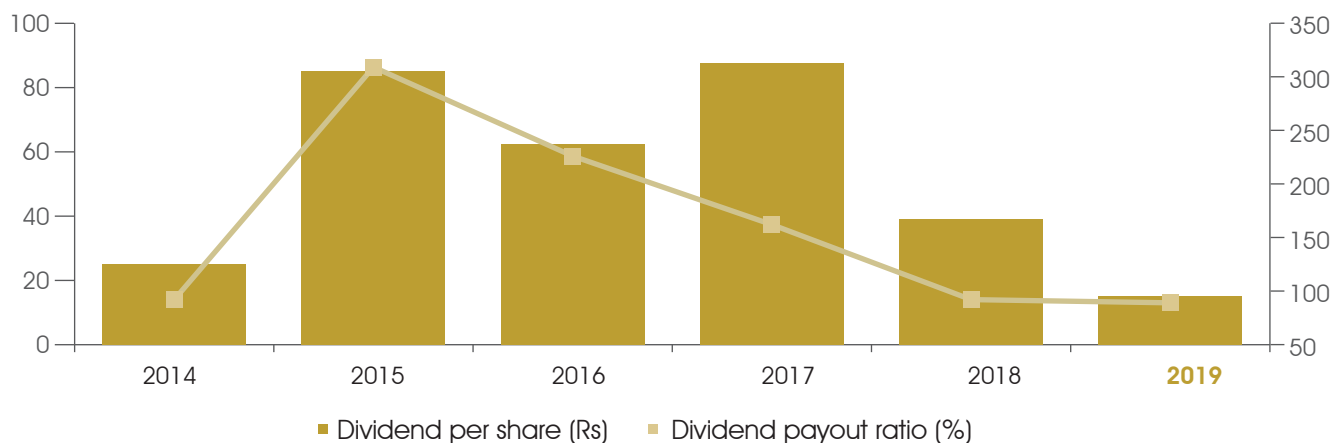
The Annual General Meeting of the Company will be held on Monday 15 June, 2020 at 13:30 hrs.

DIVIDEND PAYMENTS DURING THE YEAR

Final dividend for the year 2018 was paid on May 03, 2019 @Rs.9 per share i.e.180%.

1st Interim dividend for the year 2019 was paid on September 30, 2019 @Rs.15 per share i.e. 300%

The Board of Directors have recommended final dividend of Rs. Nil per share. Thus making a total cash dividend of 300% i.e. Rs. 15 per share for the year 2019



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
 Shahrāh-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

2019 Annual Financial Results	February 13, 2020
2019 Annual General Meeting	June 15, 2020
Book closure dates for 2019	May 09, 2020 to May 15, 2020
2020 1st Quarterly Results	May 29, 2020
2020 2nd Quarterly Results	July 20, 2020
2020 3rd Quarterly Results	October 26, 2020
2020 Annual Financial Results	February 11, 2021

Dates are subject to change.

Pattern of Shareholding

As at December 31, 2019

No. of Shareholders	Shareholding		Shares Held
	From	To	
1010	1	100	44,399
768	101	500	213,733
375	501	1000	297,678
403	1001	5000	860,086
65	5001	10000	473,258
20	10001	15000	259,048
12	15001	20000	208,435
4	20001	25000	91,418
5	25001	30000	132,258
4	30001	35000	132,249
3	40001	45000	125,652
2	50001	55000	102,666
2	55001	60000	115,000
1	65001	70000	68,290
1	85001	90000	90,000
1	100001	105000	100,785
1	135001	140000	137,300
1	165001	170000	166,362
1	330001	335000	330,500
1	25020001	25025000	25,022,379
1	28990001	289950000	28,992,705
<u>2,681</u>			<u>57,964,201</u>

Categories of Shareholders

Sr. No.	Categories of Share holders	Number of Shareholders	Shares Held	Percentage
1-	Individuals	572	338,663	0.58%
2-	Associated Companies	2	54,015,084	93.19%
3-	Others	7	21,012	0.04%
4-	Central Depository Company (b)	2,100	3,589,442	6.19%
		<u>2,681</u>	<u>57,964,201</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, 2019

Sr. No.	Categories of Share holders	Number of Shareholders	Shares Held	Percentage
1-	Individuals	2,044	2,742,371	4.73%
2-	Investment Companies	1	1,350	0.00%
3-	Insurance Companies	6	262,812	0.45%
4-	Joint Stock Companies	31	39,860	0.07%
5-	Financial Institutions	2	332,100	0.57%
6-	Modaraba Companies	2	975	0.00%
7-	Mutual Fund	2	5,550	0.01%
8-	Others	12	204,424	0.35%
		<u>2,100</u>	<u>3,589,442</u>	<u>6.19%</u>

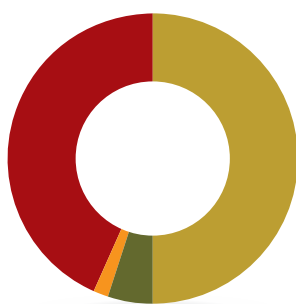
Shareholding Information

As at December 31, 2019

S.NO.	Shareholders Category	No. of Shareholder	No.of Shareholders	Percentage
1	Directors, Chief Executive Officer, and their spouse and minor children (to be filled by Company)			
2	Associated Companies, Undertakings and related Parties (to be confirm by Company)	2	54,015,084	93.19
3	NIT and ICP			
4	Banks, Development Financial Institutions, Non Banking Financial Institutions	5	334,999	0.58
5	Insurance Companies	6	262,812	0.45
6	Modarabas and Mutual Funds	4	6,525	0.01
7	Share holders holding 10%	2	54,015,084	93.19
8	General Public : a. local	2,616	3,081,034	5.32
	b .Foreign			
9	Others	48	263,747	0.46
Total (excluding : share holders holding 10%)		2,681	57,964,201	100

Shareholders holding 10% or more voting interest:

Al-Futtaim Industries Company LLC	1	28,992,705	50.02%
CNH Industrial N.V.	1	25,022,379	43.17%



● Al-Futtaim industries Company LLC	50.02%
● CNH Global N.V.	43.17%
● Individuals	5.32%
● Banks, Insurance Companies, Modaraba Companies, Mutual Fund & Other	1.49%

Details of purchase/sale of shares by Directors and their spouses / minor children during 2019

S. No.	Name of Holder	Date	Sale/Purchase	No of Shares	Rate Per Share
1	Muhammad Ali Qaiyum	25/07/2019	Sale	47	290.00
2	Muhammad Ali Qaiyum	25/07/2019	Sale	100	286.52
3	Muhammad Ali Qaiyum	25/07/2019	Sale	200	290.00
4	Muhammad Ali Qaiyum	25/07/2019	Sale	3	291.01
5	Muhammad Ali Qaiyum	26/07/2019	Sale	400	285.00
6	Muhammad Ali Qaiyum	11/09/2019	Sale	200	233.50
7	Muhammad Ali Qaiyum	11/09/2019	Sale	100	234.00

Financial Statements 2019





**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, 2019, and the statement of profit or loss, the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at December 31, 2019 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.

A.F.

*A. F. Ferguson & co ., Chartered Accountants, a member firm of the PwC network
State Life Building No. 1-C, I.I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan
Tel: +92 (21) 32426682-6/32426711-5; Fax: +92 (21) 32415007/32427938/32424740; <www.pwc.com/pk>*

■ Karachi ■ Lahore ■ Islamabad

Following is the Key Audit Matter:

S. No.	Key Audit Matter	How the matter was addressed in our audit
(i)	<p data-bbox="384 580 518 612">Inventories</p> <p data-bbox="384 637 847 696">(Refer note 5 to the annexed financial statements)</p> <p data-bbox="384 721 847 1000">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 judgement, assumptions and estimates are involved to determine the inventory valuation at the lower of cost and net realizable values.</p> <p data-bbox="384 1029 847 1143">Given the level of significant management judgements and estimates involved we considered the inventory valuation a key audit matter.</p>	<p data-bbox="868 721 1361 780">We performed, amongst others, the following audit procedures:</p> <ul style="list-style-type: none"> <li data-bbox="868 809 1361 923">• Obtained understanding in respect of the valuation methodology, the basis and process for making the inventory provision. <li data-bbox="868 952 1361 1095">• Obtained understanding of design, implementation and operating effectiveness of the key controls management has established for inventory provision computations. <li data-bbox="868 1124 1361 1238">• Checked that approval of board of directors has been taken in respect of the policy mechanism of making provision against inventories. <li data-bbox="868 1267 1361 1494">• 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 the sales prices of inventories subsequent to the reporting date. <li data-bbox="868 1524 1361 1637">• Assessed the adequacy of the disclosures made by the Company in accordance with the 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 reports thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

ATX

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of the Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- 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.

ATZ



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 changes in equity and the statement of cash flows 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 Farrukh Rehman.


Chartered Accountants
Karachi

Dated: May 7, 2020

Statement of Financial Position

As at December 31, 2019

	Note	2019	2018
(Rupees in '000)			
ASSETS			
NON-CURRENT ASSETS			
Fixed Assets	4	1,068,382	828,804
Deferred tax asset	15	87,090	-
Long-term loans		2,437	891
Long-term deposits		2,320	3,805
		<u>1,160,229</u>	<u>833,500</u>
CURRENT ASSETS			
Inventories	5	2,786,893	3,507,588
Trade receivables	6	9,624	56,606
Loans and advances	7	93,216	132,337
Trade deposits and short-term prepayments	8	7,398	43,305
Interest accrued	9	-	1
Other receivables	10	108,134	12,964
Taxation - payments less provision		347,462	108,040
Refunds due from the Government	11	773,334	1,797,206
Other financial assets	12	-	-
Cash and bank balances	13	189,093	293,910
		<u>4,315,154</u>	<u>5,951,957</u>
TOTAL ASSETS		<u>5,475,383</u>	<u>6,785,457</u>
SHARE CAPITAL AND RESERVES			
Share capital	14	289,821	289,821
Reserves		613,896	1,079,576
		<u>903,717</u>	<u>1,369,397</u>
NON-CURRENT LIABILITIES			
Deferred staff benefits - compensated absences		78,389	64,057
Employee benefit obligations	30	51,199	21,602
Deferred tax liability	15	-	30,440
		<u>129,588</u>	<u>116,099</u>
CURRENT LIABILITIES			
Trade and other payables	16	736,098	1,247,226
Unclaimed Dividend		77,084	79,529
Short term financing	17	3,628,896	3,973,206
		<u>4,571,666</u>	<u>5,416,060</u>
TOTAL LIABILITIES		<u>4,571,666</u>	<u>5,416,060</u>
COMMITMENTS			
	18		
TOTAL EQUITY AND LIABILITIES		<u>5,475,383</u>	<u>6,785,457</u>

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



Chief Executive



Director



Chief Financial Officer

Statement of Profit or Loss

For the Year Ended December 31, 2019

	Note	2019	2018
		(Rupees in '000)	
Revenue from contracts with customers	19	13,992,388	19,342,677
Cost of sales	20	(11,447,672)	(14,707,038)
Gross profit		2,544,716	4,635,639
Distribution expenses	21	(263,946)	(240,381)
Administrative expenses	22	(296,763)	(312,149)
		1,984,007	4,083,109
Other income	23	61,423	61,902
Other expenses	24	(298,443)	(284,608)
		1,746,987	3,860,403
Finance costs	25	(398,463)	(125,568)
Profit before taxation		1,348,524	3,734,835
Income tax expense	26	(370,872)	(1,282,321)
Profit for the year		977,652	2,452,514
Earnings per share (Rupees) - Basic and diluted	27	16.87	42.31

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

Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended December 31, 2019

Note	2019	2018
	(Rupees in '000)	
Profit for the year	977,652	2,452,514
Other comprehensive loss:		
Items that will not be subsequently reclassified in profit or loss		
Remeasurements of post employment benefit obligations	(52,188)	(20,902)
Total comprehensive income for the year	<u>925,464</u>	<u>2,431,612</u>

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

Statement of Cash Flows

For the Year Ended December 31, 2019

	Note	2019	2018
		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	28	3,049,064	251,579
Income tax paid		(727,824)	(1,355,584)
Finance cost paid		(359,256)	(52,208)
Decrease / (increase) in long-term deposits		1,485	(280)
Employee benefit obligations paid		(41,003)	(23,732)
Increase in deferred staff benefits - compensated absences		14,332	24,543
Net cash inflow / (outflow) from operating activities		1,936,798	(1,155,682)
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to fixed assets		(320,631)	(184,195)
Proceeds from disposal of fixed assets		879	2,968
Return on bank deposits received		17,582	29,979
Increase in long-term loans		(1,546)	244
Net cash outflow from investing activities		(303,716)	(151,004)
CASH FLOW FROM FINANCING ACTIVITY			
Dividend paid		(1,393,589)	(3,713,121)
Net increase / (decrease) in cash and cash equivalents		239,493	(5,019,807)
Cash and cash equivalents at beginning of the year		(3,679,296)	1,340,511
Cash and cash equivalents at end of the year	29	<u>(3,439,803)</u>	<u>(3,679,296)</u>

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


Chief Executive


Director


Chief Financial Officer

Statement of Changes in Equity

For the Year Ended December 31, 2019

	Issued, subscribed and paid-up capital	General reserve	Unappropriated profit	Total
	(Rupees in '000)			
Balance as at January 1, 2018	289,821	1,000,000	835,995	2,125,816
Transfer of general reserve to unappropriated profit	-	(1,000,000)	1,000,000	-
Final dividend @ Rs. 25 per share for the year ended December 31, 2017	-	-	(1,449,105)	(1,449,105)
First interim dividend @ Rs. 30 per share for the year ended December 31, 2018	-	-	(1,738,926)	(1,738,926)
Total comprehensive income for the year ended December 31, 2018				
Profit for the year ended December 31, 2018	-	-	2,452,514	2,452,514
Other comprehensive loss for the year ended December 31, 2018	-	-	(20,902)	(20,902)
	-	-	2,431,612	2,431,612
Balance as at January 1, 2019	289,821	-	1,079,576	1,369,397
Final dividend @ Rs. 9 per share for the year ended December 31, 2018	-	-	(521,681)	(521,681)
Interim dividend @ Rs. 15 per share for the year ended December 31, 2019	-	-	(869,463)	(869,463)
Total comprehensive income for the year ended December 31, 2019				
Profit for the year ended December 31, 2019	-	-	977,652	977,652
Other comprehensive loss for the year ended December 31, 2019	-	-	(52,188)	(52,188)
	-	-	925,464	925,464
Balance as at December 31, 2019	289,821	-	613,896	903,717

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


Chief Executive


Director


Chief Financial Officer

Notes to and Forming Part of The Financial Statements

For the Year Ended December 31, 2019

1. THE COMPANY AND ITS OPERATIONS

1.1 The Company was incorporated in Pakistan under the Companies Act, 1913 (now Companies Act, 2017) as a public limited company in June, 1983 and is quoted on the Pakistan Stock Exchange. The registered office of the Company is situated at 'Tractor House, Plot No. 102-B, 16th East Street, Off Korangi Road, Phase I, D.H.A, Karachi'. The Company is principally engaged in the manufacture and sale of agricultural tractors, generators, implements and spare parts and providing irrigation solutions for agriculture.

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

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

1.2 The geographical locations and 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:
 - 10km Sheikhpura Road, Lahore
 - Plot No. 20, Industrial Estate, Near Mill No, 4, Multan
 - Plaza No. 4, 2nd Floor, Sector A, Jinnah Boulevard (East), DHA Phase II, Islamabad
 - Abad Lakha, Shikarpur Road, Sukkur

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

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

2.1.3 Changes in accounting standards, interpretations and pronouncements

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

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

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

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

The impact of changes laid down by these standards are detailed in note 3.2.

IFRS 16 'Leases' - IFRS 16 replaces the previous lease standard: IAS 17 Leases. It will result in almost all leases being recognised on the statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short term and low value leases. However this standard does not have any impact on these financial statements.

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

The new standards, amendments and interpretations that are mandatory for accounting periods beginning on or after January 1, 2019 are considered not to be relevant for the Company's financial statements and hence have not been detailed here.

c) Standards and amendments to published approved accounting standard that are not yet effective

There are certain new standards and amendments to the approved accounting standards that will

be mandatory for the Company's annual periods beginning on or after January 1, 2020. However, these amendments do not have any significant impact on financial reporting of the Company and, therefore, have not been disclosed in these financial statements. Further, the new standards are yet to be adopted by the Securities and Exchange Commission Pakistan.

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 except freehold land and capital work-in-progress which are stated at cost.

The cost of leasehold land is amortised over the period of lease. Depreciation on all other assets is charged to statement of profit or loss applying straight-line method whereby the cost of an asset less residual value is written off over its estimated useful life. The useful life of the assets as estimated by the management is as follows:

- Leasehold land	99 years
- Building	40 years
- Plant and machinery	10 years
- Furniture and fixtures	4 - 10 years
- Office equipment	10 years
- Computer hardware	3 years
- Vehicles	4 years
- Factory equipments and tools	10 years
- Intangible assets	3 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each date of statement of financial position.

Maintenance and normal repairs are charged to statement of profit or loss as and when incurred. Major renewals and improvements are capitalised and the assets so replaced, if any, are retired.

Gains and losses on disposal / retirement of fixed assets are included in statement of profit or loss.

2.4 Impairment

The carrying values of assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount and the resulting impairment is charged to statement of profit or loss.

2.5 Loans, deposits and other debts

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

2.6 Taxation

Current

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

Deferred

Deferred tax is accounted for using the liability method on all temporary differences arising between tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax liability is generally recognised for all taxable temporary differences and deferred tax asset is recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised.

2.7 Inventories

These are valued at the lower of cost and net realisable value. Cost is determined on moving average method except for stock-in-transit which is valued at invoice value plus other charges incurred thereon.

Cost of finished goods includes prime cost and appropriate portion of manufacturing expenses.

Net realisable value signifies the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated costs necessary to make the sale.

Stores and spares are valued at average cost. Items in transit are valued at cost comprising invoice value plus other charges incurred thereon.

2.8 Trade receivables

Trade receivables are valued at invoice value, being the fair value and subsequently measured at amortised cost. Refer note 2.18 for a description of the Company's impairment policies.

2.9 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 accounts and PLS savings accounts.

2.10 Staff retirement benefits

(i) Defined benefit plan

The Company operates an approved funded gratuity scheme for all its permanent employees. The scheme defines an amount of gratuity benefit that an employee will receive on retirement subject to a minimum qualifying period of service under the scheme.

Contributions to the gratuity scheme are based on actuarial recommendations. The latest actuarial valuation of the scheme was carried out as at December 31, 2019 using the Projected Unit Credit Method.

The amount arising as a result of remeasurements are recognised in the statement of financial position immediately, with a charge or credit to other comprehensive income in the periods in which they occur.

Past-service costs are recognised immediately in statement of profit or loss.

(ii) Defined contribution plan

The Company also operates an approved contributory provident fund for its permanent employees. Equal monthly contributions are made, both by the Company and the employees, to the fund at the rate of 10% of basic salary.

2.11 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.

2.12 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.

2.13 Provisions

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

2.14 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.

2.15 Revenue recognition

Revenue from contracts with customers is recognised when control of the goods is transferred, being when the goods are delivered to the customer and there is no unfulfilled obligation that could affect the customer's acceptance of the goods.

Return on deposits and investments is recognised on accrual basis.

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

2.16 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.

2.17 Dividend distribution

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

2.18 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.

2.19 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.

2.20 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 and other comprehensive income 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.

2.21 Impairment of financial asset

The Company recognises loss allowance for Expected Credit Loss (ECL) on financial assets measured at amortised cost 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.

2.22 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.

2.23 Financial assets - policy upto December 31, 2018

Trade debts and other receivables were recognised initially at fair value plus directly attributable, if any and subsequently, at amortised cost less impairment if any. A provision for impairment of trade and other receivable is established when there is an objective evidence that the Company will not be able to collect all amounts due according to terms of receivables. Trade receivables considered irrecoverable are written off.

2.24 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. CHANGES IN ACCOUNTING POLICIES

3.1 IFRS 9 - Financial Instruments

IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. The adoption of IFRS 9 Financial Instruments from 01 January 2019 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. The new accounting policies are set out in note 2.18 above. In accordance with the transitional provisions in IFRS 9, comparative figures have not been restated and any adjustment to carrying amount of financial assets and liabilities were recognised in the opening retained earnings as of the transition date.

3.1.1 Classifications and remeasurement

On January 1, 2019 (the date of initial application of IFRS 9), the Company's management has assessed which business models apply to the financial assets held by the Company and has classified its financial instruments into the appropriate IFRS 9 categories. The main effects resulting from this reclassifications and adjustments are as follows:

	Note	Carrying amount as reported under IAS 39 - January 1, 2019	Reclassification due to IFRS-9	Remeasurement ECL	Carrying amount reported as under IFRS 9 - January 1, 2019
(Rupees in '000)					
Financial assets - January 1, 2019					
Loans and advances		133,228	-	-	133,228
Trade deposits and prepayments		47,110	-	-	47,110
Trade receivables	a,b	56,606	-	-	56,606
Interest accrued		1	-	-	1
Other receivables		12,964	-	-	12,964
Other financial assets		-	-	-	-
Cash and bank balances		293,910	-	-	293,910
		<u>543,819</u>	<u>-</u>	<u>-</u>	<u>543,819</u>

- (a) "IFRS 9 replaces the incurred loss model in IAS 39 with an expected credit loss (ECL) model. The Company has determined that the application of IFRS 9's impairment requirement at January 1, 2019.

No material differences were noted in prior year figures as a result of applying the new expected credit loss model on adoption of IFRS 9. The reclassifications of the financial instruments also did not result in any changes to measurements. Hence, there was no restatement of opening balances and reserves.

- (b) The Company has adopted consequential amendments to IAS1 Presentation of Financial Statements which require impairment of financial assets to be presented in a separate line item in the profit and loss account. However, during the year ended December 31, 2018 there was no provision for doubtful debts that could be reclassified to impairment loss on trade receivables in the profit and loss account.

The following table below explains the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Company's financial assets and liabilities as at January 1, 2019.

	Original classification under IAS 39	New classification under IFRS 9	Original amount under IAS 39	New carrying amount under IFRS 9
(Rupees in '000)				
Financial assets				
Loans and advances	Loans and receivables	Amortised cost	133,228	133,228
Trade deposits and prepayments	Loans and receivables	Amortised cost	47,110	47,110
Trade receivables	Loans and receivables	Amortised cost	56,606	56,606
Interest accrued	Loans and receivables	Amortised cost	1	1
Other receivables	Loans and receivables	Amortised cost	12,964	12,964
Other financial assets	Held to maturity	Amortised cost	-	-
Cash and bank balances	Loans and receivables	Amortised cost	293,910	293,910
Financial liabilities				
Trade and other payables	Other financial liabilities	Other financial liabilities	1,247,226	1,247,226
Short term financing	Other financial liabilities	Other financial liabilities	3,973,206	3,973,206
Unclaimed dividend	Other financial liabilities	Other financial liabilities	79,529	79,529

There is no impact of these changes on the Company's statement of changes in equity.

3.2 IFRS 15 - Revenue from contracts with customers

The Company has adopted IFRS 15-Revenue from Contracts with Customers from January 1, 2019 which resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. However, in accordance with the transition provisions in IFRS 15, there is no impact on the Company that require retrospective change and restatement of comparatives for the year ended December 31, 2019.

3. FIXED ASSETS

	Note	2019	2018
(Rupees in '000)			
Property, plant and equipment			
Operating assets	4.1	837,935	707,293
Capital work-in-progress	4.2	226,500	117,799
		<u>1,064,435</u>	<u>825,092</u>
Intangible assets	4.3	3,947	3,712
		<u>1,068,382</u>	<u>828,804</u>

4.1 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)										
Net carrying value basis										
Year ended December 31, 2019										
Opening net book value	4,334	74,242	216,969	159,810	132,940	30,365	6,278	72,508	9,847	707,293
Additions	-	-	132,254	685	39,528	10,268	5,784	14,888	5,924	209,331
Disposals										
Cost	-	-	-	-	941	822	673	4,371	137	6,944
Accumulated depreciation	-	-	-	-	(937)	(666)	(670)	(4,371)	(82)	(6,726)
Depreciation charge	-	(825)	(8,771)	(4,479)	4	156	3	-	55	218
Closing net book value	<u>4,334</u>	<u>73,417</u>	<u>340,452</u>	<u>156,016</u>	<u>147,926</u>	<u>35,383</u>	<u>7,287</u>	<u>59,677</u>	<u>13,443</u>	<u>837,935</u>
Gross carrying value basis										
At December 31, 2019										
Cost	4,334	81,599	433,218	179,584	420,421	57,416	30,989	139,505	30,049	1,377,115
Accumulated depreciation	-	(8,182)	(92,766)	(23,568)	(272,495)	(22,033)	(23,702)	(79,828)	(16,606)	(539,180)
Net book value	<u>4,334</u>	<u>73,417</u>	<u>340,452</u>	<u>156,016</u>	<u>147,926</u>	<u>35,383</u>	<u>7,287</u>	<u>59,677</u>	<u>13,443</u>	<u>837,935</u>
Net carrying value basis										
Year ended December 31, 2018										
Opening net book value	4,334	75,067	185,418	163,774	119,972	24,429	7,651	53,339	5,758	639,742
Additions	-	-	38,825	504	35,253	10,207	3,151	42,229	5,731	135,900
Disposals										
Cost	-	-	-	-	370	606	390	18,263	-	19,629
Accumulated depreciation	-	-	-	-	(370)	(571)	(364)	(18,263)	-	(19,568)
Depreciation charge	-	(825)	(7,274)	(4,468)	(22,285)	(4,236)	(4,498)	(23,060)	(1,642)	(68,288)
Closing net book value	<u>4,334</u>	<u>74,242</u>	<u>216,969</u>	<u>159,810</u>	<u>132,940</u>	<u>30,365</u>	<u>6,278</u>	<u>72,508</u>	<u>9,847</u>	<u>707,293</u>
Gross carrying value basis										
At December 31, 2018										
Cost	4,334	81,599	300,964	178,899	381,834	47,970	25,878	128,988	24,262	1,174,728
Accumulated depreciation	-	(7,357)	(83,995)	(19,089)	(248,894)	(17,605)	(19,600)	(56,480)	(14,415)	(467,435)
Net book value	<u>4,334</u>	<u>74,242</u>	<u>216,969</u>	<u>159,810</u>	<u>132,940</u>	<u>30,365</u>	<u>6,278</u>	<u>72,508</u>	<u>9,847</u>	<u>707,293</u>

4.1.1 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
10km Sheikhpura Road, Lahore	Marketing centre	1.86
Tractor House, 102-B, 16th East Street, DHA Phase I, Off. Korangi Road, Karachi	Head office	0.18

4.2 CAPITAL WORK-IN-PROGRESS

	2019				2018			
	Balance as at January 1, 2019	Additions during the year	Transfers	Balance as at December 31, 2019	Balance as at January 1, 2018	Additions during the year	Transfers	Balance as at December 31, 2018
	(Rupees in '000)							
Civil works	67,555	89,348	(41,149)	115,754	22,705	45,278	(428)	67,555
Plant and machinery	5,190	77,272	(5,190)	77,272	29,462	11,000	(35,272)	5,190
Advances to suppliers	45,054	33,474	(45,054)	33,474	20,932	45,054	(20,932)	45,054
Total	117,799	200,094	(91,393)	226,500	73,099	101,332	(56,632)	117,799

4.3 INTANGIBLE ASSETS

	2019		2018	
	(Rupees in '000)			
Opening net book value	3,712		1,889	
Additions	2,599		3,596	
Amortisation	(2,364)		(1,773)	
Closing net book value	3,947		3,712	
Gross carrying value basis				
Cost	15,811		13,213	
Accumulated amortisation	(11,864)		(9,501)	
Net book value	3,947		3,712	
Average remaining useful life in years	1.7		1.6	

5 INVENTORIES

Raw materials and components – including in transit Rs. 9.6 million (2018: Rs. 484.13 million) - Notes 5.1 & 5.2

Work-in-process

Stores and spares

Finished goods – tractors, generators and implements

Trading stock – spare parts and implements

Raw materials and components – including in transit Rs. 9.6 million (2018: Rs. 484.13 million) - Notes 5.1 & 5.2	1,972,110	2,538,161
Work-in-process	125,256	108,584
Stores and spares	30,734	30,660
Finished goods – tractors, generators and implements	648,957	822,097
Trading stock – spare parts and implements	9,836	8,086
Total	2,786,893	3,507,588

5.1 The amount includes raw materials of Rs. 0.46 million (2018: Rs. 0.46 million) held by third parties.

5.2 As at December 31, 2019 inventories has been written down by Rs. 233.18 million (2018: Rs. 44.44 million) to arrive at its net realizable value.

6 TRADE RECEIVABLES

Unsecured

Less: Provision against doubtful receivables

2019		2018	
(Rupees in '000)			
Unsecured	20,598	56,606	
Less: Provision against doubtful receivables	(10,974)	-	
	9,624	56,606	

6.1 The age analysis of trade receivables is as follows:

Not yet due

1 to 6 months

6 to 12 months

More than 1 year

Not yet due	7,944	55,156
1 to 6 months	-	337
6 to 12 months	11,665	124
More than 1 year	989	989
Total	20,598	56,606

7. LOANS AND ADVANCES – considered good	Note	2019	2018
		(Rupees in '000)	
Loans to employees	7.1	4,240	3,406
Advances to suppliers for goods and services		88,976	128,931
		<u>93,216</u>	<u>132,337</u>

7.1 This represents current portion of interest free loans given to employees under employee loan schemes to facilitate purchase of domestic appliances and motor cycles. The said loans are repayable over a period of 24 to 36 months and are secured against provident fund balances.

8. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS	Note	2019	2018
		(Rupees in '000)	
Prepayments		5,392	6,205
Other deposits		2,006	37,100
		<u>7,398</u>	<u>43,305</u>

9. **INTEREST ACCRUED**

Mark-up accrued on bank deposits	-	1
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10. **OTHER RECEIVABLES**

Due from Workers' Profits Participation Fund	10.1	16,084	9,385
Receivable from CNH Industrial N.V.	10.2	4,632	3,389
Discount receivable	10.3	27,843	-
Claims from suppliers	10.4	59,319	-
Others		256	190
		<u>108,134</u>	<u>12,964</u>

10.1 **Workers' Profits Participation Fund**

At beginning of the year	9,385	8,760
Allocation for the year	(72,890)	(200,589)
	<u>(63,505)</u>	<u>(191,829)</u>
Less: Amount paid during the year	79,589	201,214
	<u>16,084</u>	<u>9,385</u>

10.2 This represents receivable from related party, CNH Industrial N.V. (formerly CNH Global N.V.), amounting to Rs. 4.63 million (2018: 3.4 million) against reimbursement of clearing, forwarding and transportation charges. The said receivable is outstanding for less than 30 days.

10.2.1 The maximum aggregate due from the related party at the end of any month during the year was Rs. 5.19 million.

10.3 This represents rebate provided by supplier on purchase volumes achieved under the agreement during the year.

10.4 This represents net claims receivable from suppliers, against rejected stock imported during the year.

11. **REFUNDS DUE FROM THE GOVERNMENT**

Sales tax	788,369	1,648,704
Less: Provision for Sales Tax	(15,035)	-
	<u>773,334</u>	<u>1,648,704</u>
Special excise duty	-	148,502
	<u>773,334</u>	<u>1,797,206</u>

11.1 During the year the Company has provided Rs. 15.03 million against sales tax claims having uncertain recovery.

	Note	2019	2018
(Rupees in '000)			
11.2		148,502	148,502
		(15,855)	-
		(132,647)	-
		-	148,502

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.

Since December 2014, there has been no progress with respect to issuance of RPOs to date despite several reminders to FTO.

During the year the Company has 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 132.65 million has been created against balance for special excise duty. Further, Rs 15.8 million being considered irrecoverable has been written off.

12. OTHER FINANCIAL ASSETS

	Note	2019	2018
(Rupees in '000)			
Investment			
Held at amortised cost - Certificate of Investment		49,300	52,800
Less: Provision for impairment	12.1	(49,300)	(52,800)
		-	-

12.1 This represents investment in Certificate of Investment (COI) of Saudi Pak Leasing Company Limited (SPLCL) which matured in January 2009, however, encashment proceeds were not received due to liquidity problem of SPLCL.

Last year, the Board of Directors filed a winding-up petition against SPLC in Sindh High Court for recovery of the said outstanding amount and appointed M/s Saiduddin and Co. for the said purpose.

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 year, the Company has received an amount of Rs. 3.5 million from SPLC and are in consultation with their Legal Counsel for further action.

13. CASH AND BANK BALANCES

	Note	2019	2018
(Rupees in '000)			
With banks on			
- Current accounts		73,317	87,323
- PLS savings and deposit accounts	13.1	76,458	175,421
Cash in hand		401	324
Demand drafts in hand		38,917	30,842
		189,093	293,910

13.1 At December 31, 2019, the mark-up rates on PLS savings and deposit accounts range from 6.75% to 11.25% per annum (2018: 2.4% to 8% per annum).

14. SHARE CAPITAL

14.1 Authorised share capital

120,000,000 ordinary shares of Rs. 5 each
(2018: 120,000,000 ordinary shares of Rs. 5 each)

2019	2018
(Rupees in '000)	
600,000	600,000

14.2 Issued, subscribed and paid-up capital

Ordinary shares of Rs. 5 each

2019	2018
(Rupees in '000)	
4,500,000	4,500,000
53,464,201	53,464,201
<u>57,964,201</u>	<u>57,964,201</u>

Shares allotted for consideration paid in cash
Shares allotted as bonus shares

2019	2018
(Rupees in '000)	
22,500	22,500
267,321	267,321
<u>289,821</u>	<u>289,821</u>

14.3 As at December 31, 2019, 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 (2018: 28,992,705) and 43%, i.e., 25,022,379 (2018: 25,022,379) shares of Rs. 5 each respectively.

15. DEFERRED TAX ASSET / LIABILITY

Note

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 for special excise duty

2019	2018
(Rupees in '000)	
69,579	63,160
(22,733)	(17,936)
(14,297)	(14,784)
(54,859)	-
(3,182)	-
(4,362)	-
(19,234)	-
(38,002)	-
<u>(87,090)</u>	<u>30,440</u>

16. TRADE AND OTHER PAYABLES

Creditors
Accrued liabilities
Accrued markup
Customers' and dealers' advances - unsecured
Deposits
Taxes deducted at source
Workers' Welfare Fund
Royalty payable to CNH Industrial N.V.
- associated company
Others

16.1

16.2

32,811	454,621
326,245	440,791
105,988	70,894
43,683	31,504
71,132	67,934
17,860	20,347
33,576	76,563
50,612	59,242
54,191	25,330
<u>736,098</u>	<u>1,247,226</u>

16.1 The creditors include payable to a related party, CNH Industrial N.V. (formerly CNH Global N.V.), amounting to Rs. 9.2 million against purchases made in prior years.

16.2 This includes amount received from customers / dealers of the Company as a security deposit with reference to the contracts. As per the requirements of section 217 of the Companies Act, 2017, these deposits are not utilizable for the purpose of business and are kept in separate bank account.

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

The facility for running finance / running musharikh available from banks amounted to Rs. 4.5 billion (2018: 4 billion). Rates of mark-up / profit ranges from one month KIBOR plus 0.20% (2018: one months KIBOR plus 0.20%) to three month KIBOR plus 0.3% (2018: one months KIBOR plus 0.5%) per annum.

The facilities for opening letters of credit and guarantees as at December 31, 2019 amounted to Rs. 2.75 billion (2018: Rs. 2.7 billion) of which unutilised balance at year end amounted to Rs. 2.42 billion (2018: Rs 2.3 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.

18. COMMITMENTS

Commitments for capital expenditure outstanding as at December 31, 2019 amounted to Rs. 199.53 million (2018: Rs. 217.82 million).

19. REVENUE

	2019			2018		
	Tractors	Trading goods and others	Total	Tractors	Trading goods and others	Total
	(Rupees in '000)					
Local sales	14,831,560	159,328	14,990,888	20,349,319	198,597	20,547,916
Export sales	13,516	-	13,516	41,085	-	41,085
	14,845,076	159,328	15,004,404	20,390,404	198,597	20,589,001
Less: Commission and incentives	(269,169)	(2,847)	(272,016)	(338,485)	(1,625)	(340,110)
- Sales tax	(732,135)	(7,865)	(740,000)	(889,392)	(16,822)	(906,214)
	(1,001,304)	(10,712)	(1,012,016)	(1,227,877)	(18,447)	(1,246,324)
	13,843,772	148,616	13,992,388	19,162,527	180,150	19,342,677

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 GOODS SOLD

Manufactured goods

Raw materials and components consumed	10,361,257	14,224,898
Salaries, wages and benefits	332,019	364,293
Charge for defined benefit plan	7,400	5,996
Charge for defined contribution plan	5,949	4,951
Stores and supplies	140,174	201,246
Royalty and technical fee	119,277	158,225
Insurance	2,926	2,643
Depreciation	34,568	28,796
Fuel, power and electricity	56,027	51,036
Inwards freight and transportation	5,534	7,155
Repairs and maintenance	111,518	72,422
Travelling, vehicle running and entertainment	7,487	7,282
Rent, rates and taxes	1,112	1,100
Communication	578	849
Printing and stationery	2,999	3,447
Others	9,811	8,556
Opening stock of work-in-process	108,584	102,209
Closing stock of work-in-process	(125,256)	(108,584)
Cost of goods manufactured	11,181,964	15,136,520
Opening stock of finished goods	822,097	161,338
Closing stock of finished goods	(648,957)	(822,097)
	11,355,104	14,475,761
Trading goods		
Opening stock	8,086	8,123
Purchases	94,318	231,240
	102,404	239,363
Closing stock	(9,836)	(8,086)
	92,568	231,277
	11,447,672	14,707,038

21. DISTRIBUTION EXPENSES

	2019	2018
	(Rupees in '000)	
Salaries, wages and benefits	74,760	68,413
Charge for defined benefit plan	2,221	1,910
Charge for defined contribution plan	2,180	1,829
Insurance	149	80
Provision against doubtful receivables	10,974	-
Depreciation / amortisation	10,754	10,062
Electricity	1,878	1,330
Travelling, vehicle running and entertainment	13,295	11,849
Repairs and maintenance	5,007	2,775
Rent, rates and taxes	11,800	2,196
Communication	2,374	1,896
Advertisement and promotion	18,664	22,837
After sales expense	35,178	30,562
Freight charges	70,238	81,386
Legal and professional charges	127	57
Printing and stationery	3,028	1,956
Others	1,319	1,243
	<u>263,946</u>	<u>240,381</u>

22. ADMINISTRATIVE EXPENSES

Salaries, wages and benefits		192,510	218,797
Charge for defined benefit plan		8,791	6,519
Charge for defined contribution plan		7,311	6,104
Insurance		355	426
Depreciation		35,514	31,203
Electricity		6,948	6,724
Travelling, vehicle running and entertainment		9,363	9,679
Repairs and maintenance		1,527	1,988
Rent, rates and taxes		1,881	1,767
Communication		12,305	7,892
Auditors' remuneration	22.1	3,207	2,834
Advertising		1,770	1,514
Legal and professional charges		5,611	7,370
Printing and stationery		6,379	5,476
Donation	22.2	236	312
Others		3,055	3,544
		<u>296,763</u>	<u>312,149</u>

22.1 Auditors' remuneration

Audit fee		1,800	1,600
Fee for limited review of half yearly financial statements		400	400
Certification for compliance with Code of Corporate Governance, certifications for government and other agencies and other services		490	490
Out of pocket expenses		517	344
		<u>3,207</u>	<u>2,834</u>

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

23. OTHER INCOME		2019	2018
		(Rupees in `000)	
Income from financial assets			
	Return on PLS savings and deposit accounts	17,581	29,033
Income from other assets			
	Scrap sales	32,106	28,061
	Profit on disposal of fixed assets	661	2,907
	Recovery from other financial assets	3,500	-
	Others	7,575	1,901
		43,842	32,869
		61,423	61,902
23.1	This amount was recovered against fully impaired Certificate of Investment (COI) of Saudi Pak Leasing Company Limited (SPLC) disclosed in note 12.		
24. OTHER EXPENSES		2019	2018
		(Rupees in `000)	
	Workers' Profits Participation Fund	72,890	200,589
	Workers' Welfare Fund	36,378	84,019
	Provision against slow moving and obsolete inventories	189,175	-
		298,443	284,608
25. FINANCE COSTS			
	Bank charges and commission	4,113	2,546
	Mark up on running finance	394,350	123,022
		398,463	125,568
26. INCOME TAX EXPENSE			
	Current		
	- for the year	493,251	1,155,425
	- prior year	(4,850)	132,194
	Deferred	(117,529)	(5,298)
		370,872	1,282,321
26.1	Relationship between tax expense and accounting profit:		
	Accounting profit before tax	1,348,524	3,734,835
	Tax at applicable rate of 29% (2018: 29%)	391,072	1,083,102
	Effect of final tax on exports	(236)	(2,093)
	Tax credit	(2,679)	(3,496)
	Prior year tax	(4,850)	132,194
	Super Tax	-	74,765
	Others	(12,435)	(2,151)
		370,872	1,282,321
27. EARNINGS PER SHARE - Basic and diluted			
	Profit after taxation attributable to ordinary shareholders	977,652	2,452,514
	Weighted average number of shares in issue during the year (in thousand)	57,964	57,964
	Basic and diluted earnings per share (Rupees)	16.87	42.31

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, 2019 and 2018 which would have any effect on the earnings per share if the option to convert exercised.

28. CASH GENERATED FROM OPERATIONS

	2019	2018
	(Rupees in '000)	
Profit before income tax	1,348,524	3,734,835
Add / (less): Adjustment for non-cash charges and other items		
Depreciation and amortisation	80,835	70,061
Retirement benefits charge	18,412	14,425
Gain on disposal of fixed assets	(661)	(2,907)
Return on bank deposits	(17,581)	(29,033)
Mark up on running finance	394,350	123,022
	<u>1,823,879</u>	<u>3,910,403</u>
Effect on cash flow due to working capital changes		
Decrease / (increase) in current assets		
Inventories	720,695	(1,186,424)
Trade receivables	46,982	(44,583)
Loans and advances	39,121	69,351
Trade deposits and short-term prepayments	35,907	(31,434)
Other receivables	(95,170)	(992)
Refunds due from the Government	1,023,872	(575,518)
	<u>1,771,407</u>	<u>(1,769,600)</u>
Decrease in current liabilities		
Trade and other payables	(546,222)	(1,889,224)
	<u>1,225,185</u>	<u>(3,658,824)</u>
	<u>3,049,064</u>	<u>251,579</u>
29. CASH AND CASH EQUIVALENTS		
Cash in hand	401	324
At banks in		
- Current accounts	73,317	87,323
- PLS savings accounts	76,458	175,421
	<u>149,775</u>	<u>262,744</u>
Demand drafts in hand	38,917	30,842
Short term financing - note 17	(3,628,896)	(3,973,206)
	<u>(3,439,803)</u>	<u>(3,679,296)</u>
30. EMPLOYEE BENEFIT OBLIGATIONS		

30.1 As stated in note 2.12 (i) the Company operates an approved funded gratuity scheme for all its permanent employees. The scheme defines an amount of gratuity benefit that an employee will receive on retirement subject to a minimum qualifying period of service under the scheme. Actuarial valuation of the scheme is carried out every year and the latest actuarial valuations of the scheme was carried out as at December 31, 2019.

30.2 Plan assets held in trust are governed by local regulations which mainly include Trust Act, 1882; the Companies Act, 2017; Income Tax Rules, 2002 and the Rules under the trust deeds. Responsibility for governance of the Plan, including investment decisions and contribution schedules, lies with the Board of Trustees. The Company appoints the trustees and all trustees are employees of the Company.

30.3 The latest actuarial valuation of the Plan as at December 31, 2019 was carried out using the Projected Unit Credit Method. Details of the Fund as per the actuarial valuation are as follows:

		2019	2018
		(Rupees in '000)	
30.4	Statement of financial position reconciliation as at December 31		
	Present value of defined benefit obligation	258,137	180,396
	Fair value of plan assets	(206,938)	(158,794)
		51,199	21,602
30.5	Movement in present value of defined benefit obligation		
	Obligation as at January 1	180,396	149,317
	Current service cost	18,750	14,848
	Interest expense	21,333	11,592
	Remeasurement on obligation	50,016	15,719
	Benefits paid	(12,358)	(11,080)
	Obligation as at December 31	258,137	180,396
30.6	Movement in the fair value of plan assets		
	Fair value as at January 1	158,794	139,310
	Interest income	21,671	12,015
	Remeasurement on plan assets	(2,172)	(5,183)
	Employer contributions	41,003	23,732
	Benefits paid	(12,358)	(11,080)
	Fair value as at December 31	206,938	158,794
30.7	Expense recognised in statement of profit or loss		
	Current service cost	18,750	14,848
	Interest expense - net	(338)	(423)
		18,412	14,425
30.8	Remeasurement recognised in other comprehensive income		
	Experience losses	(50,016)	(15,719)
	Remeasurement of fair value of plan assets	(2,172)	(5,183)
	Remeasurements	(52,188)	(20,902)
30.9	Net recognised liability		
	Balance as at January 1	21,602	10,007
	Expense for the year	18,412	14,425
	Employer contributions	(41,007)	(23,732)
	Remeasurement recognised in other comprehensive income	52,192	20,902
	Balance as at December 31	51,199	21,602

30.10 Composition of plan assets:

		2019		2018	
		(Rupees in '000)	%	(Rupees in '000)	%
	Term deposits	120,000	58.71	80,000	50.82
	Others (include bank balance)	84,379	41.29	77,426	49.18
		204,379	100.00	157,426	100.00

31.11 Actuarial assumptions

2019	2018
------	------

Expected rate of increase in salaries

- Management staff

- Short-term - 1 year

- Long-term - more than 1 year

11.25%

13.25%

11.25%

13.25%

- Non-management staff

- Short-term - 1 year

- Long-term - more than 1 year

11.25%

13.25%

11.25%

13.25%

Discount factor used

11.25%

13.25%

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

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

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

30.15 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%	(36,327)	(7,346)
Future salary increases	1%	(6,369)	(37,441)

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.

2019	2018	2017	2016	2015
(Rupees in '000)				

30.16 Historical information

As at December 31

Present value of defined benefit obligation

258,137 180,396 149,317 134,996 112,064

Fair value of plan assets

(206,938) (158,794) (139,310) (125,281) (109,933)

Deficit

51,199 21,602 10,007 9,715 2,131

Experience adjustments

(Loss) on obligation

(50,016) (15,719) (2,694) (8,188) (12,911)

(Loss) / gain on plan assets

(2,172) (5,183) (6,763) (492) 1,319

(52,188) (20,902) (9,457) (8,680) (11,592)

30.17 The expected return on plan assets is based on the market expectations and depend upon the asset portfolio of the fund, at the beginning of the period.

30.18 As per actuarial advice, the Company is expected to contribute Rs.21.9 million towards gratuity fund in 2019 (2018: Rs. 19.4 million).

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

30.20 Expected maturity analysis of undiscounted retirement benefit plan.

At December 31, 2019	Less than a year	Between 1 2 years	Between 2 5 years	Between 5 10 years	Over 10 years	Total
Retirement benefit plan	33,475	33,559	93,004	137,025	418,930	715,993

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

31. RELATED PARTY TRANSACTIONS

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

Relationship	Nature of transactions	2019	2018
		(Rupees in '000)	
i. Holding company	Dividend paid	626,242	1,435,139
ii. Associate company	Dividend paid	510,457	1,701,522
	Royalty paid	127,907	264,815
	Purchases of goods	7,745	117,296
	Contribution to Al-Ghazi Tractors Limited Staff Provident Fund	15,440	12,884
	Contribution to Al-Ghazi Tractors Limited Employees' Gratuity Fund	41,007	23,732
iii. Key management personnel	Salaries and other employee benefits	174,859	151,656
	Retirement benefits	13,981	11,232

The outstanding balances of related parties as at December 31, 2019 are included in trade and other payables and other receivables respectively.

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.	Company name	Basis of relationship	Aggregate % of shareholding
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	
	2019	2018	2019	2018	2019	2018
	(Rupees in '000)					
Managerial remuneration	53,856	39,366	17,924	14,188	39,261	27,739
Bonus	11,371	15,048	2,329	2,551	4,571	5,671
House rent	13,227	13,216	4,231	2,844	10,714	10,310
Utilities	2,939	4,465	940	632	2,381	2,291
Retirement benefits	6,825	5,418	1,999	1,184	5,157	4,631
Leave passage	4,409	7,364	2,622	1,484	4,084	4,486
	<u>92,627</u>	<u>84,877</u>	<u>30,045</u>	<u>22,883</u>	<u>66,168</u>	<u>55,128</u>
Number of persons	1	1	1	1	9	9

* Comparative figures have been restated to reflect changes in the definition of executive as per the Companies Act, 2017

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

Aggregate amount charged to statement of profit or loss for the year in respect of fee to one independent director was Rs. 1.68 million (2018: Rs. 1.5 million).

33. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

(i) 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	
(i) FINANCIAL ASSETS							
Loans and receivables							
Loans and advances	-	-	-	4,240	2,437	6,677	6,677
Deposits	-	-	-	-	2,320	2,320	2,320
Trade receivables	-	-	-	9,624	-	9,624	9,624
Other receivables	-	-	-	256	-	256	256
Cash and bank balances	76,458	-	76,458	112,635	-	112,635	189,093
2019	<u>76,458</u>	<u>-</u>	<u>76,458</u>	<u>126,755</u>	<u>4,757</u>	<u>131,512</u>	<u>207,970</u>
2018	<u>175,421</u>	<u>-</u>	<u>175,421</u>	<u>182,081</u>	<u>4,696</u>	<u>186,777</u>	<u>362,198</u>
FINANCIAL LIABILITIES							
At amortised cost							
Trade and other payables	-	-	-	640,979	-	640,979	640,979
Unclaimed Dividend	-	-	-	77,084	-	77,084	77,084
2019	<u>-</u>	<u>-</u>	<u>-</u>	<u>718,063</u>	<u>-</u>	<u>718,063</u>	<u>718,063</u>
2018	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,198,341</u>	<u>-</u>	<u>1,198,341</u>	<u>1,198,341</u>
Off balance sheet items							
Financial commitments:							
Contracts for capital expenditure							199,532
Letters of credit and guarantee							330,802
2019							<u>530,334</u>
2018							<u>613,956</u>

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

(ii) Concentrations of credit risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counterparties failed to perform as contracted. Out of the total financial assets of Rs. 0.21 billion (2018: Rs. 0.36 billion) the financial assets exposed to the credit risk amount to Rs. 0.17 billion (2018: Rs. 0.30 billion) which mainly comprise of balances with banks.

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

The Company's products are mainly sold against cash or demand drafts issued by Zarai 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, 2019, there is no impaired balance and the carrying amount of trade receivables relates to independent customers for whom there is no recent history of default.

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

Other receivables are not exposed to any significant credit risk.

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

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

(iii) Liquidity risk

Liquidity risk reflects the Company's inability in raising funds to meet commitments. The Company manages liquidity risk by maintaining sufficient cash and balances with banks. As at December 31, 2019 there is no maturity mismatch between financial assets and liabilities that expose the Company to liquidity risk.

(iv) Market risk

a) Foreign exchange risk

Foreign currency risk arises mainly where receivables and payables exist due to transactions with foreign undertakings. At December 31, 2019 trade and other payables exposed to foreign currency risk amount to Rs.19.9 million (2018: Rs. 540.56 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. 182.76 million (2018: Rs. 21.62 million), mainly as a result of foreign exchange losses / gains on settlement of US Dollar denominated trade payables.

b) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in the market interest rates. As at December 31, 2019, the Company's interest bearing financial assets amounted to Rs. 0.08 billion (2018: Rs. 0.18 billion) and had the interest rate varied by 100 basis points with all the other variables held constant, profit before tax for the year would have been approximately higher / lower by Rs. 0.76 million (2018: Rs. 1.75 million).

(v) Fair values of the financial instruments

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

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.

35. PLANT CAPACITY AND PRODUCTION

Plant capacity (single shift) - units

2019

2018

30,000

30,000

Actual production - units

15,400

24,823

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

36. NUMBER OF EMPLOYEES

36.1 Number of employees including contractual employees at 31 December

436

431

36.2 Average number of employees including contractual employees during the year

448

431

37. CORRESPONDING FIGURES

Corresponding figures have been re-arranged and reclassified, wherever necessary, for the purpose of comparison and better presentation.

Reclassification from component	Reclassification to component	(Rupees in '000)
Statement of Profit or Loss		
Distribution Expenses	Administrative Expenses	
Electricity	Electricity	6,724
Distribution Expenses	Revenue from contracts with customers	
Advertisement and promotion	Commission and incentives	29,845

38. SUBSEQUENT EVENTS

The Board of Directors in their meeting held on 13 February, 2020 have proposed a final cash dividend of Rs. Nil per share amounting to Rs. Nil (2018: Rs. 9 per share amounting to Rs. 521.68 million) subject to approval of the Company in the forthcoming annual general meeting.

39. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on 13 February, 2020 by the Board of Directors.



Chief Executive



Director



Chief Financial Officer

Product



Portfolio



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	High 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 Synchronesh 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 4WD (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



NEW HOLLAND TD95)

Power Steering

Engine

No. of cylinders / aspiration / emission level 4/	
Turbo charged / Tier 2	
Capacity (cm ³)	3908
Bore X stroke (mm)	104 X 115
Rated engine power ISO	
TR 14396@2000/25/EC	72.1/98
Rated engine speed (rpm)	2500
Max. Torque at 1500 rpm (Nm)	370
Torque rise (%)	31
Fuel Tank Capacity (L)	77

Transmission

Synchro Shuttle TM Transmission 30 kph	
Number of Gears F- (R)	12 X 12
Speed Range (kph)	1.8 -30
Number of Gears with creeper F- (R)	20 X 12
Speed Range with creeper (kph)	0.25 -30

Hydraulics

Flexion Bar lower link draft sensing	Standard
Rear linkage category II	
Mechanical lift with Lift-O-Matic TM	Standard
Position, draft, mixed and float controls	Standard
Main Pump Flow – Standard (lpm)	40.1
Main Pump Flow – Mega Flow (lpm) TM	51.7
Steering Pump Flow (lpm)	26.5
Max Number of remote valves	3

Linkage

Max Lift capacity at ball ends with arms horizontal (kg)	3,565
Continuous lift capacity through the range (6,100mm behind bar ends) (kg)	2,700

PTO

540rpm (rpm)	2,200
540 Economy rpm	1,715
1000 rpm	2,381
PTO activation mechanical	
Turn angle 2 WD/4WD (0)	55/50
Min. Turn radius 2WD/4WD (mm)	3,900/5,200

Dimensions

Overall length 2 WD /4WD (mm)	4,004/3,948
Width (mm)	1,808
Height at centre of rear axle to top of ROPS (mm)	1,788
Total height with ROPS (mm)	2,558
Wheelbase 2WD/4WD	2,331/2,275
Front 2WD (mm)	1,485 -1,985
Front 4WD (mm)	1,560 -2,000
Rear Min. Max. (All Axle Types) (mm)	1,400 – 2,000
Ground Clearance, Front Axle	
Lowest Point 2WD/4WD (mm)	575/465

Weights

Unballasted weight 2WD /4WD (kg)	3,820 / 3,250
Max. permissible weight on the front axle 2WD /4WD (kg)	2,600 /3,000
Max. permissible weight on the rear axle (kg)	4,250



HARVESTER NH TC 5.30

Engine	75 HP Cummins 6 Cylinders 130 H.P. Turbo Charged
Pre Cleaners and Air Cleaners	Dry Type, Outer and Inner
Engine Dust Protector	Rotary Air Screen
Cutter bar Width	15 Feet
Weight	8,000 kg
Slashing System	Conventional/ Common
Separation System	Multi Thresh- Rotary Separator + 5 Straw Walker, Close unloading tube, Hydraulic Operation. Independent Drive
Cleaning System	Double Cascading Sieve System, Blower Fan with Variator
Grain Tank Capacity	3,500 Liters
Number of Gears	4 Forward + 1 Reverse
Rotary Separator	Optional
Cabin	Optional / AC
Tyre Size	Front - TW 23.1 – 26 14 PR TD01
Tyre Rear	Rear- SW 12.0/ 75- 18 12 PR TR03
Crops	Wheat, Paddy(Rice), Basmati, Maize, Soya Bean, Channa, Sunflower, Gram, Mustard Arhar, Moong , Maize Header 5 Row also Available Specifications subject to change as per variant and model year Additional kits available for Sunflower, Pulses. Lodged Conditions etc.



NEW HOLLAND BC 5060

Manufacturer	New Holland
Model	BC 50 60
Generic Type (Primary)	General
Features	
Bale Type	14 X 18 inch (36 X46cm)
Bale Leangth	Adjustable, 12 to 52 inch (31 to 132cm)
Dimensions	
Overall Height	70 inches (178cm)
Overall Width	110 inch (279 cm)
Overall Length	205 inch (521 cm)
Weight	3,400 lbs (1,542kg)
Feed System	High Capacity, Rotary Feeding System
Gearbox	Heat – Treated Hypoid gears on tapered roller bearings running in an oil bath
Operating Speed	
Pick-up Width	65inches (1.65 m)
Compatibility	
Advertised PTO	62 HP (45 kW)
PTO Power, Rated Engine Speed	(540 rpm) 93 SPM
Wheels & Tyres	
Wheels	27 X 9.5 -15, 6 PR, 31 X 13.50 – 15, 6PR
Tractor Requirement*	Horsepower (min) 62 HP
*Tractor Weight must be greater than baler weight excludes baler througher.	



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) : _____

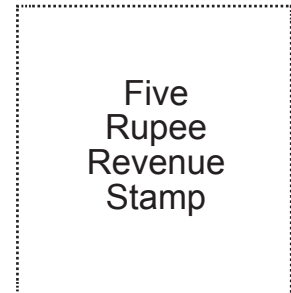
Company Address : _____

(If Applicable) _____

AL - GHAZI TRACTORS LIMITED
FORM OF PROXY

I / WE
of
a member(s) of Al-Ghazi Tractors Limited and holding
ordinary shares, as per Register Folio
hereby appoint
of
or falling him
of
to vote for me/us and on my/our behalf at the Annual General Meeting of the
Company to be held on Monday 15 June, 2020 at 13:30 hrs. and at any
adjournment thereof.

As witness my/our hand thisday of2020.



Signature of
Member(s)

Important:

1. A member entitled to attend a General Meeting entitled to appoint a proxy to attend and vote instead of him. No person shall act as proxy (except for a corporation) unless he is entitled to be present and vote in his own right.
2. The instrument appointing a proxy should be signed by the member or by 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.

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AFFIX
CORRECT
POSTAGE

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

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الغازی ٹریڈرز لمیٹڈ

پراکسی فارم

میں / ہم
ساکن
بحیثیت ممبر (ز) الغازی ٹریڈرز لمیٹڈ اور حق ملکیت رکھتے ہوئے۔
عمومی شیئرز جس کا اندراج رجسٹرڈ فولیو نمبر
اپنی جانب سے نامزد کرتا ہوں۔
ساکن
اور ان کے ناجانے پر مسمیٰ / مسماں
کو بطور پراکسی مقرر کرتا / کرتے ہیں تاکہ وہ میری / ہماری جگہ اور میری /
ہماری طرف سے کمپنی کے سالانہ عام اجلاس بتاریخ پیر 15 جون 2020ء بوقت دن 13:30 بجے منعقد ہو رہا ہے،
اس میں یا اس کے کسی ملتوی شدہ اجلاس میں شرکت کرے اور ووٹ ڈالے۔

بطور میرے / ہمارے گواہ۔ بتاریخ 2020ء

5/- روپے مالیت کے ریونیو
اسٹیٹمپ پر دستخط کریں

ممبر (ممبرز) کے دستخط

نوٹ:

- 1- اجلاس میں شرکت کرنے اور ووٹ دینے کا استحقاق رکھنے والا کوئی بھی ممبر اجلاس میں اپنی جگہ شرکت کرنے اور ووٹ دینے کیلئے تحریری طور پر پراکسی کا تقرر کر سکتا ہے۔
- 2- پراکسی کی دستاویز پر ممبر یا اس کا اٹارنی جسے تحریری طور پر اس کی اجازت دی گئی ہو دستخط کریں گے اگر ممبر کوئی کارپوریشن ہے تو اس کی مشترکہ مہر (اگر کوئی ہو) اس دستاویز پر ثبت کی جائے گی۔
- 3- کارآمد ہونے کیلئے یہ ضروری ہے کہ یہ پراکسی کمپنی کے رجسٹرڈ آفس میں اجلاس کیلئے مقررہ وقت سے کم از کم 48 گھنٹے قبل ہر طرح سے مکمل صورت میں جمع کرا دیئے جائیں۔

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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

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