

ENERGY EFFICIENT  
GENERATORS

FARM MACHINES  
& EQUIPMENT

SMART IRRIGATION  
SOLUTIONS

TRACTORS

Sustainable  
Agriculture

Third Quarterly Report  
30 September 2014  
(un audited)



QUALITY MANAGEMENT-ROLAND STROHM

**AL-GHAZI TRACTORS LTD**





*to make AGTL a symbol of success*

## **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.*

## **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.*

# **AL-GHAZI TRACTORS LTD**

## **CORPORATE INFORMATION**

### **Board of Directors**

Mr. Charles Leonard Hunt	Chairman
Mr. Parvez Ali	Chief Executive Officer & Managing Director
Mr. Nasir Mahmood	Director
Mr. Kashif Lawai	Director
Mr. Majd-ul-Ahsan Syed	Director
Ms. Giovanna Barbieri	Director
Mr. Stefano Pampalone	Director
Mr. Damiano Cretarola	Director
Ms. Sobika Zubair	Company Secretary

### **Bankers**

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

### **Legal Advisors**

Saiduddin & Co.  
Karachi.

### **Registrar**

FAMCO Associates (Private) Limited  
8-F, Next to Hotel Faran, Nursery  
Block 6, P.E.C.H.S, Karachi

### **Auditors**

A.F.Ferguson & Co.  
Chartered Accountants  
Karachi

### **Tax Advisors**

Naveed Zafar Ashfaq Jaffery & Co.  
Chartered Accountants Karachi.

### **Registered Office**

11<sup>th</sup> Floor, NICL Building, Abbasi Shaheed Road,  
Karachi – 74400  
Phones (PABX) (92-21) 35660881-5  
Fax : (92-21) 35689387  
Email : [agtl@alghazitractors.com](mailto:agtl@alghazitractors.com)  
Web : [www.alghazitractors.com](http://www.alghazitractors.com)

## **Board Committees**

### **Audit Committee**

Mr. Nasir Mahmood - Chairman  
Mr. Majd-ul-Ahsan Syed - Member  
Mr. Damiano Cretarola - Member

### **Human Resource And Remuneration Committee**

Mr. Charles Leonard Hunt - Chairman  
Mr. Nasir Mahmood - Member  
Ms. Giovanna Barbieri- Member





## AL-GHAZI TRACTORS LIMITED

### DIRECTORS' REPORT

July – September have been difficult months. Preceded by long Eid holidays, there are the long sit-ins and the floods. Islamabad is in a grid lock with prolonged sit-ins being staged by political parties. There seems to be something like a failure of the mish-mash political system.

Political uncertainty makes business skittish. Political flux with sit-ins and large demonstrations saw the Punjab government lock down the entire Punjab to block the protesters. Factories had to be shut down because of disruption in the supply chain.

For AGTL, doing a bigger damage were the devastating floods surging and raging in Southern Punjab where the AGTL plant is located. In a rush to protect the two major cities of Multan and Muzaffargarh, dykes were blown up, thus terminating all access roads to the plant.

Unfortunately, though the nature of floods is now episodic, disaster preparedness does not seem to register on the political Richter scale of the governments. Other than hundreds of people dying, thousands of acres of productive lands of the cash-strapped farmer gets inundated and affected, together with serious damage to the infrastructure. For the last five years, Pakistan has seen five floods. The rivers combine and ravage the Southern Punjab areas causing a direct hit to the company's sales – Southern Punjab being an AGTL dominated area of tractor sales.

Diverting swollen rivers inundates swatches of productive farmland, damage to crops and assets and evacuation of people. When the governments rehabilitate, most of the areas are declared calamity hit. Agricultural loans are usually written off which in turn disrupts loaning by the agricultural development banks – all these factors combine to hit tractor sales of the company.

3184 tractors were delivered during the third quarter of the year 2014 (July – September), compared with 1714 delivered in the same period last year.

The company earned a pre-tax profit of Rs. 396 million during the third quarter of 2014, compared with Rs. 216 million earned in the same period last year.

The company earned a pre-tax profit of Rs. 396 million during the third quarter of 2014, compared with Rs. 216 million earned in the same period last year.

Based on the sound financial strength of the company, the Board of Directors has recommended an interim cash dividend of 200% with a pay out of Rs. 579.64 million.

Barring some unforeseen political instability, nascent signals indicate that the last quarter of the year will see a larger throughput of sales.

The third quarter results have been recommended for approval by the Audit Committee of the Board and will be placed on the Company's website at [www.alghazitractors.com](http://www.alghazitractors.com).

For and on behalf of  
the Board



Charles Leonard Hunt  
Chairman


Karachi  
October 21, 2014

# AL-GHAZI TRACTORS LIMITED

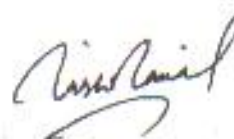
## CONDENSED INTERIM BALANCE SHEET AS AT SEPTEMBER 30, 2014 (UN-AUDITED)

		(Unaudited) September 30, 2014	(Audited) December 31, 2013
		(Rupees'000)	
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Fixed assets	3	440,668	404,433
Long-term investments		42,800	44,800
Long-term loans		9,447	7,544
Long-term deposits		1,789	1,789
		<u>494,704</u>	<u>458,566</u>
<b>CURRENT ASSETS</b>			
Stores and spares		20,910	15,649
Stock-in-trade		1,810,164	1,693,249
Trade debts		232,960	166,306
Loans and advances		88,561	73,393
Short-term deposits and prepayments		4,397	1,450
Accrued mark-up		45,743	3,525
Other receivables		121	11,457
Taxation		-	30,669
Refunds due from the Government - sales tax and special excise duty		1,550,342	1,709,418
Investments		2,070,104	3,354,256
Cash and bank balances		3,372,707	2,308,497
		<u>9,196,009</u>	<u>9,367,867</u>
<b>TOTAL ASSETS</b>		<u><u>9,690,713</u></u>	<u><u>9,826,433</u></u>
<b>SHARE CAPITAL AND RESERVES</b>			
Share capital		289,821	214,882
Reserves		8,296,849	8,004,277
		<u>8,586,670</u>	<u>8,218,959</u>
<b>NON-CURRENT LIABILITIES</b>			
Deferred staff benefits - compensated absences		33,724	31,656
Staff retirement benefit		1,707	1,177
Deferred taxation		32,477	36,747
		<u>67,908</u>	<u>69,580</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		983,427	1,537,894
Taxation		52,708	-
Commitments	4		
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>9,690,713</u></u>	<u><u>9,826,433</u></u>

The annexed notes 1 to 10 form an integral part of this condensed interim financial information.



Chief Executive



Director



# AL-GHAZI TRACTORS LIMITED

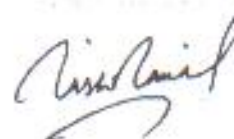
## CONDENSED INTERIM PROFIT AND LOSS ACCOUNT FOR THE THIRD QUARTER ENDED SEPTEMBER 30, 2014 (UN-AUDITED)

	Note	Quarter ended		Nine months ended	
		September, 30	September, 30	September, 30	September, 30
		2014	2013	2014	2013
		(Rupees' 000)		(Rupees' 000)	
Sales	5	2,271,313	1,080,806	5,586,025	5,832,339
Cost of goods sold	6	(1,671,712)	(869,913)	(4,114,619)	(4,517,235)
Gross profit		599,601	210,893	1,471,406	1,315,104
Distribution cost		(25,598)	(26,029)	(75,747)	(74,656)
Administrative expenses		(51,159)	(45,439)	(157,692)	(129,734)
		522,844	139,225	1,237,967	1,110,712
Other income		112,565	92,922	317,106	289,710
Other operating expenses		(43,789)	(16,012)	(107,236)	(96,612)
		591,610	216,135	1,447,837	1,303,810
Finance cost		(636)	(82)	(928)	(229)
Profit before taxation		590,974	216,053	1,446,909	1,303,581
Taxation		(195,166)	(83,377)	(435,151)	(411,421)
Profit after taxation		395,808	152,676	1,011,758	892,160
Other comprehensive income		-	-	-	-
Total comprehensive income		395,808	152,676	1,011,758	892,160
Earnings per share-Basic and diluted		6.83	2.63	17.45	15.39

The annexed notes 1 to 10 form an integral part of this condensed interim financial information.



Chief Executive



Director

# AL-GHAZI TRACTORS LIMITED

## CONDENSED INTERIM CASH FLOW STATEMENT FOR THE THIRD QUARTER ENDED SEPTEMBER 30, 2014 (UN-AUDITED)

	Note	September 30, 2014	September 30, 2013
		(Rupees'000)	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	7	578,091	399,338
Income taxes paid		(356,044)	(289,744)
Increase in deferred staff benefits		2,068	3,382
Increase in staff retirement benefits		530	-
Net cash from operating activities		<u>224,645</u>	<u>112,976</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Fixed capital expenditure		(68,048)	(50,967)
Proceeds from disposal of fixed assets		1,716	4,716
Purchase of investments - net		1,452,000	(1,043,001)
Placement in term deposits - net		(1,700,000)	2,050,000
Return on investments		98,576	354,201
Decrease in long-term loans		(1,903)	7,565
Net cash from investing activities		<u>(217,659)</u>	<u>1,322,514</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Dividend paid		(642,776)	(1,071,093)
Net increase in cash and cash equivalents		<u>(635,790)</u>	<u>364,397</u>
Cash and cash equivalents at the beginning of period		1,903,497	1,277,632
Cash and cash equivalents at the end of period		<u>1,267,707</u>	<u>1,642,029</u>

The annexed notes 1 to 10 form an integral part of this condensed interim financial information.

  
Chief Executive

  
Director



# AL-GHAZI TRACTORS LIMITED

## CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE THIRD QUARTER ENDED SEPTEMBER 30, 2014 (UN-AUDITED)

	Share capital	General reserve	Unappropriated profit	Total
	(Rupees'000)			
Balance at January 1, 2014	214,682	1,000,000	7,004,277	8,218,959
Final Dividend @ Rs. 15 per share for the year ended December 31, 2013	-	-	(644,047)	(644,047)
Issue of 35 bonus shares for every 100 shares held	75,139		(75,139)	-
Profit for nine months ended September 30, 2014	-	-	1,011,758	1,011,758
Other comprehensive income for the nine months ended September 30, 2014	-	-	-	-
Balance as at September 30, 2014	<u>289,821</u>	<u>1,000,000</u>	<u>7,296,849</u>	<u>8,586,670</u>
Balance at January 1, 2013	214,682	1,000,000	6,711,234	7,925,916
Final Dividend @ Rs. 15 per share for the year ended December 31, 2012	-	-	(644,047)	(644,047)
Interim Dividends @ Rs. 10 per share for the year ended December 31, 2013	-	-	(429,364)	(429,364)
Profit for nine months ended September 30, 2013	-	-	892,160	892,160
Other comprehensive income for the nine months ended September 30, 2013	-	-	-	-
Balance as at September 30, 2013	<u>214,682</u>	<u>1,000,000</u>	<u>6,529,983</u>	<u>7,744,665</u>

The annexed notes 1 to 10 form an integral part of this condensed interim financial information.

  
Chief Executive

  
Director

# AL-GHAZI TRACTORS LIMITED

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE THIRD QUARTER ENDED SEPTEMBER 30, 2014 (UN-AUDITED)

### 1 THE COMPANY AND ITS OPERATIONS

Al-Ghazi Tractors Limited (the company) was incorporated in Pakistan under the Companies Act, 1913 (now the Companies Ordinance, 1984) as a public limited company in June 1983 and is quoted on Karachi and Lahore Stock Exchanges. The address of the registered office of the company is '11th Floor, NIC Building, Abbasi Shaheed Road, Karachi'. The company is principally engaged in the manufacture and sale of agricultural tractors, implements, spare parts and providing irrigation solutions for agriculture.

### 2 BASIS OF PREPARATION

This condensed interim financial information has been prepared in accordance with the requirements of the International Accounting Standard 34 "Interim Financial Reporting" and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed. This condensed interim financial information is being submitted to the shareholders as required under Section 245 of the Companies Ordinance, 1984 and the Listing Regulations of Karachi and Lahore Stock Exchanges.

The accounting policies and methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the financial statements of the company for the year ended December 31, 2013.

	September, 30 2014	December, 31 2013
	(Rupees'000)	
<b>3 FIXED ASSETS</b>		
Cost - opening	746,401	686,832
Additions during the period	68,048	71,518
Disposals during the period	(12,615)	(11,949)
Cost - closing	<u>801,834</u>	<u>746,401</u>
Accumulated Depreciation - opening	341,969	313,351
Charge for the period	31,483	39,001
Depreciation on disposals	(12,285)	(10,384)
Accumulated Depreciation - closing	<u>361,166</u>	<u>341,968</u>
Net Book Value	<u>440,668</u>	<u>404,433</u>

### 4 COMMITMENTS

Commitments for capital expenditure outstanding as at Sept 30, 2014 amounted to Rs. 1.07 million (2013: Rs. 1.5 million)

	September, 30 2014	September, 30 2013
	(Rupees'000)	
<b>5 SALES</b>		
Tractors	5,821,179	6,447,443
Trading and others	<u>65,666</u>	<u>57,594</u>
	5,886,846	6,505,037
Less: Commission and discounts	69,284	82,959
Sales Tax	<u>230,937</u>	<u>589,739</u>
	<u>5,586,625</u>	<u>5,832,339</u>



# AL-GHAZI TRACTORS LIMITED

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE THIRD QUARTER ENDED SEPTEMBER 30, 2014 (UN-AUDITED)

	September, 30 2014	September, 30 2013
	(Rupees'000)	
<b>6 COST OF GOODS SOLD</b>		
Cost of goods manufactured	4,401,565	4,594,070
Opening stock of finished goods	8,866	16,288
Closing stock of finished goods	(340,695)	(135,322)
Manufactured goods	4,069,736	4,475,036
Trading and others	44,883	42,199
	<u>4,114,619</u>	<u>4,517,235</u>
<b>7 CASH GENERATED FROM OPERATIONS</b>		
Profit before taxation	1,446,909	1,303,581
Add/(Less) adjustment for non cash charges and other items		
Depreciation / amortisation	31,483	28,581
Profit on disposal of fixed assets	(1,386)	(3,322)
Fair value gain on investments	(165,848)	(98,547)
Return on investments and bank deposits	(140,794)	(176,586)
Profit before working capital changes	1,170,364	1,053,707
<b>Effect on Cash Flow due to Working Capital changes</b>		
(Increase) / Decrease in current assets		
Stores and spares	(5,281)	966
Stock in trade	(116,915)	(340,688)
Trade debts	(66,654)	359,459
Loans and advances	(15,168)	27,142
Short-term deposits and prepayments	(2,947)	(2,350)
Other receivables	11,336	5,683
Refunds due from the Government	159,074	(73,935)
	(36,535)	(23,723)
(Decrease) / Increase in trade and other payables	(555,738)	(630,648)
Cash generated from operations	<u>578,091</u>	<u>399,338</u>

## AL-GHAZI TRACTORS LIMITED

### NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE THIRD QUARTER ENDED SEPTEMBER 30, 2014 (UN-AUDITED)

#### 8 RELATED PARTY TRANSACTIONS

Significant transactions including dividend payments during the period amounted to Rs. 600 million (2013: Rs. 1.1 billion)

#### 9 INTERIM DIVIDEND

Subsequent to the condensed interim balance sheet date, the Board of Directors in their meeting held on October 21, 2014, declared an interim dividend of Rs. 10 per share (2013: Rs. 10 per share). This interim dividend amounting to Rs. 579.64 million (2013: 429.36 million), has not been recognised as a liability in this condensed interim financial information.

#### 10 AUTHORISATION OF ISSUE

These financial statements were authorised for issue on October 21, 2014 by the Board of Directors.

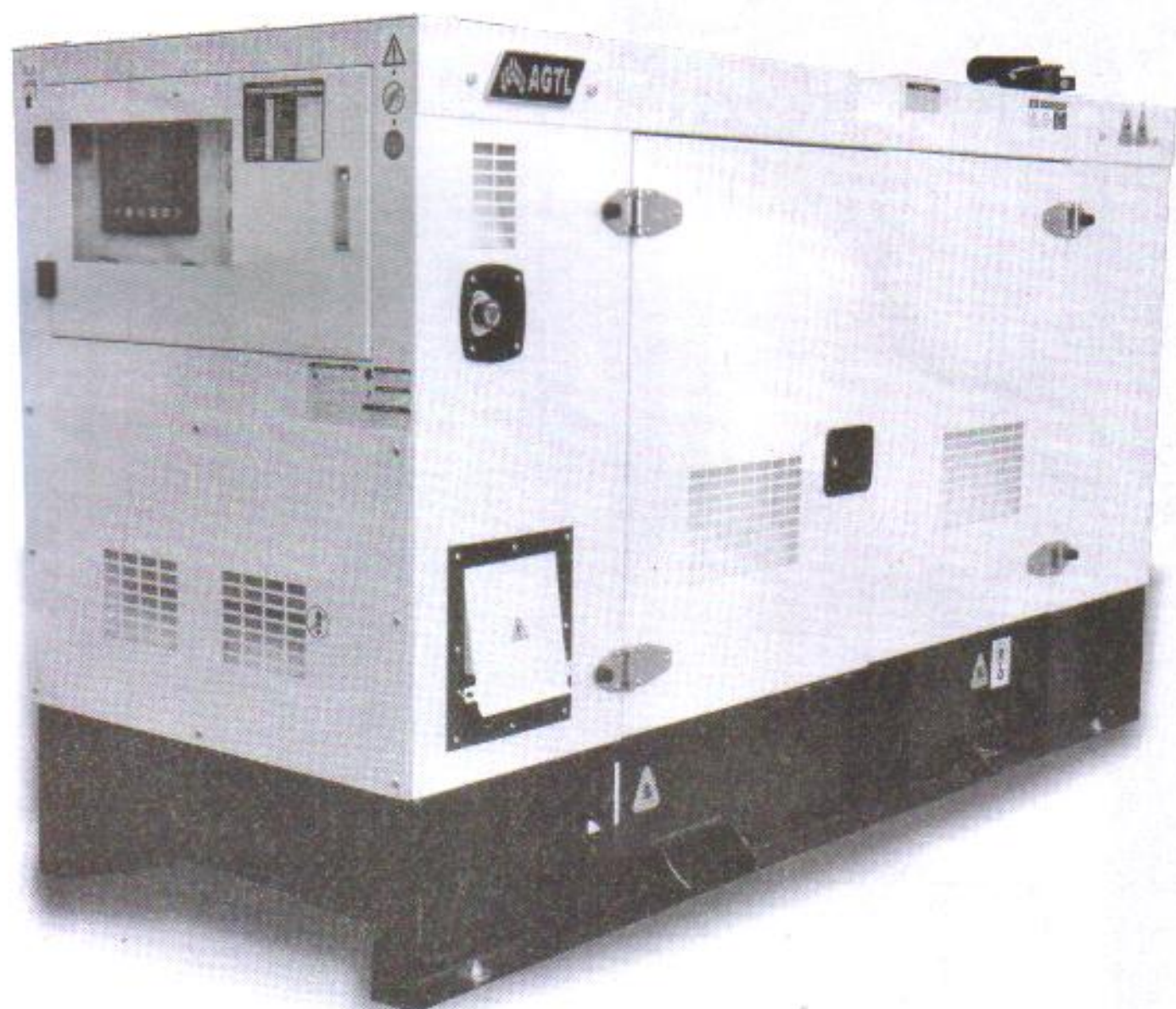


Chief Executive



Director





**AL-GHAZI TRACTORS LTD**







یا اللہ ہمارے کھیتوں اور کھلیانوں میں  
برکت عطا فرما (آمین)



**FIAT**

الغازی ٹریکٹرز لمیٹڈ



## **REGIONAL OFFICES**

### **Marketing Centre, Lahore**

10 Km, Sheikhupura Road,  
Tel: 042-37912226, 37924676-7

### **Marketing Regional Office, Multan**

20 Industrial Estates,  
Tel: 061-6514057-9

### **Marketing Regional Office, Sukkur**

House No. 8/A Hamdard Housing Society Airport Road.  
Tel: 071-5633920,5002852

### **Marketing Regional Office, Islamabad**

Flat no.7, 2<sup>nd</sup> Floor, Plaza City Arcade I-8, Markaz.  
Tel: 051-4862524-25



# **AL-GHAZI TRACTORS LTD**





# INVEST IN AGRICULTURE



AL-FUTTAIM



AGT



NEW HOLLAND

QUALITY MANAGEMENT BRAND STRENGTH

**AL-GHAZI TRACTORS LTD**