

Annual Report 2017

Sky Is The Limit



AL-GHAZI TRACTORS LTD

Sky Is The Limit



About the Cover

"With a rejuvenated team
and improved quality
product we are constantly
raising the bar, hence:
SKY IS THE LIMIT"

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COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Charles Leonard Hunt
Non-Executive Chairman

Mr. Colin William Cordery
Non-Executive Director

Mr. Mohammad Shahid Hussain
CEO & Managing Director

Mr. Kashif Lawai
Executive Director & CFO

Mr. M. Ali Qaiyum
Independent Non-Executive Director

Mr. Vincent Delassagne
Non-Executive Director

Mr. Mark Brinn
Non-Executive Director

Mr. Damiano Cretarola
Non-Executive Director

AUDIT COMMITTEE

Mr. M. Ali Qaiyum
Chairman, Independent Non-Executive
Director

Mr. Colin William Cordery
Member, Non-Executive Director

Mr. Damiano Cretarola
Member, Non-Executive Director

HUMAN RESOURCE AND REMUNERATION COMMITTEE

Mr. M. Ali Qaiyum
Chairman, Independent Non-Executive
Director

Mr. Colin William Cordery
Member, Non-Executive Director

Mr. Vincent Delassagne
Member, Non-Executive Director

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@alghazित्रactors.com
Website: www.alghazित्रactors.com

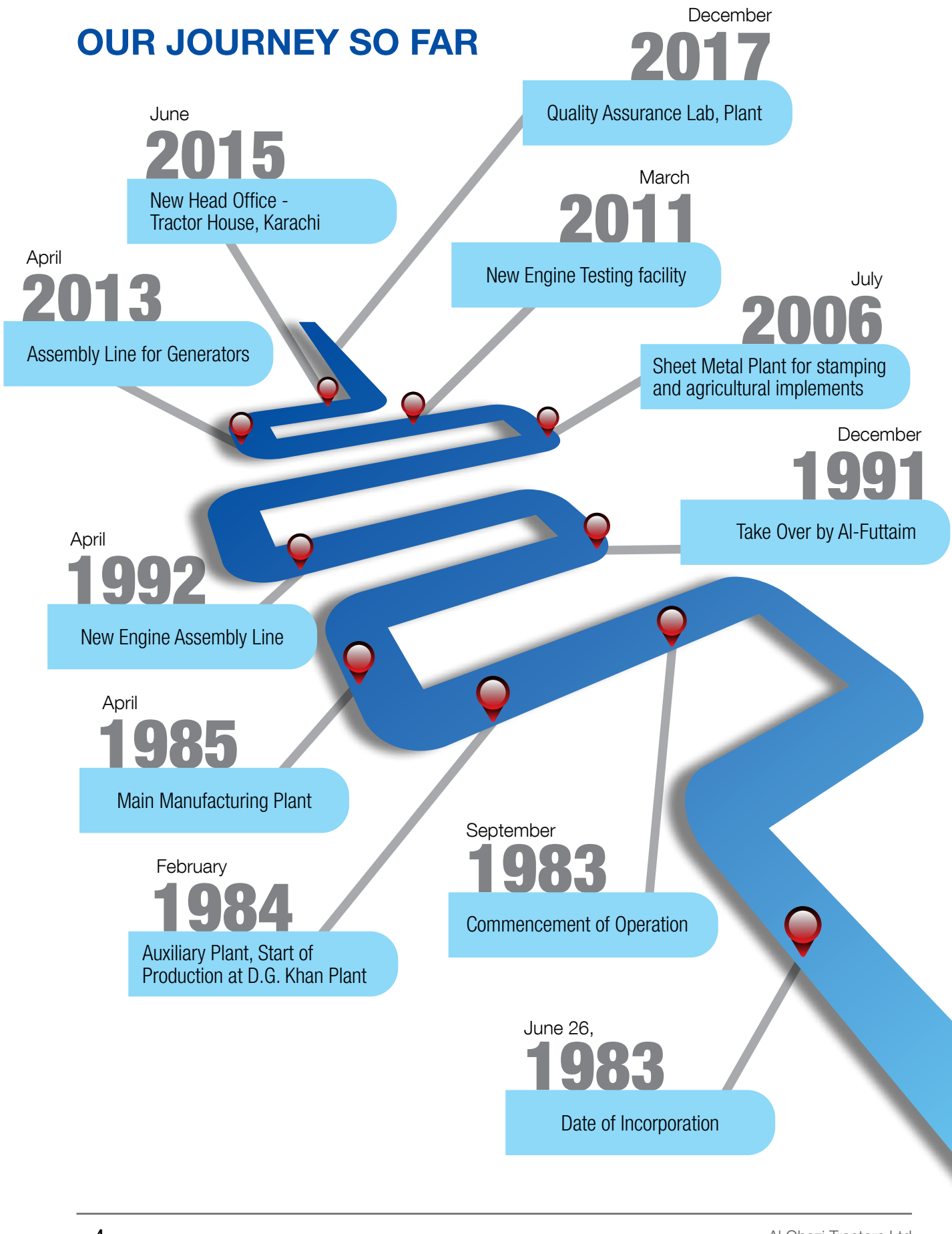
PLANT

Sakhi Sarwar Road, P.O. Box 38
Dera Ghazi Khan
Tel: 92 64 2463750, 2463812, 2020750-51
Fax: 92 64 2462117

MARKETING CENTRES

Dera Ghazi Khan
Lahore
Multan
Islamabad
Sukkur

OUR JOURNEY SO FAR



GEOGRAPHICAL PRESENCE



HEAD OFFICE : Karachi

PLANT : Dera Ghazi Khan

MARKETING CENTRES : Lahore, Multan, Islamabad, Sukkur, Dera Ghazi Khan

DEALERSHIP NETWORK

For customized customer satisfaction, AGTL has dotted the whole country with a large dealer network, and tractor workshop, in every nook and cranny of the country.



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.

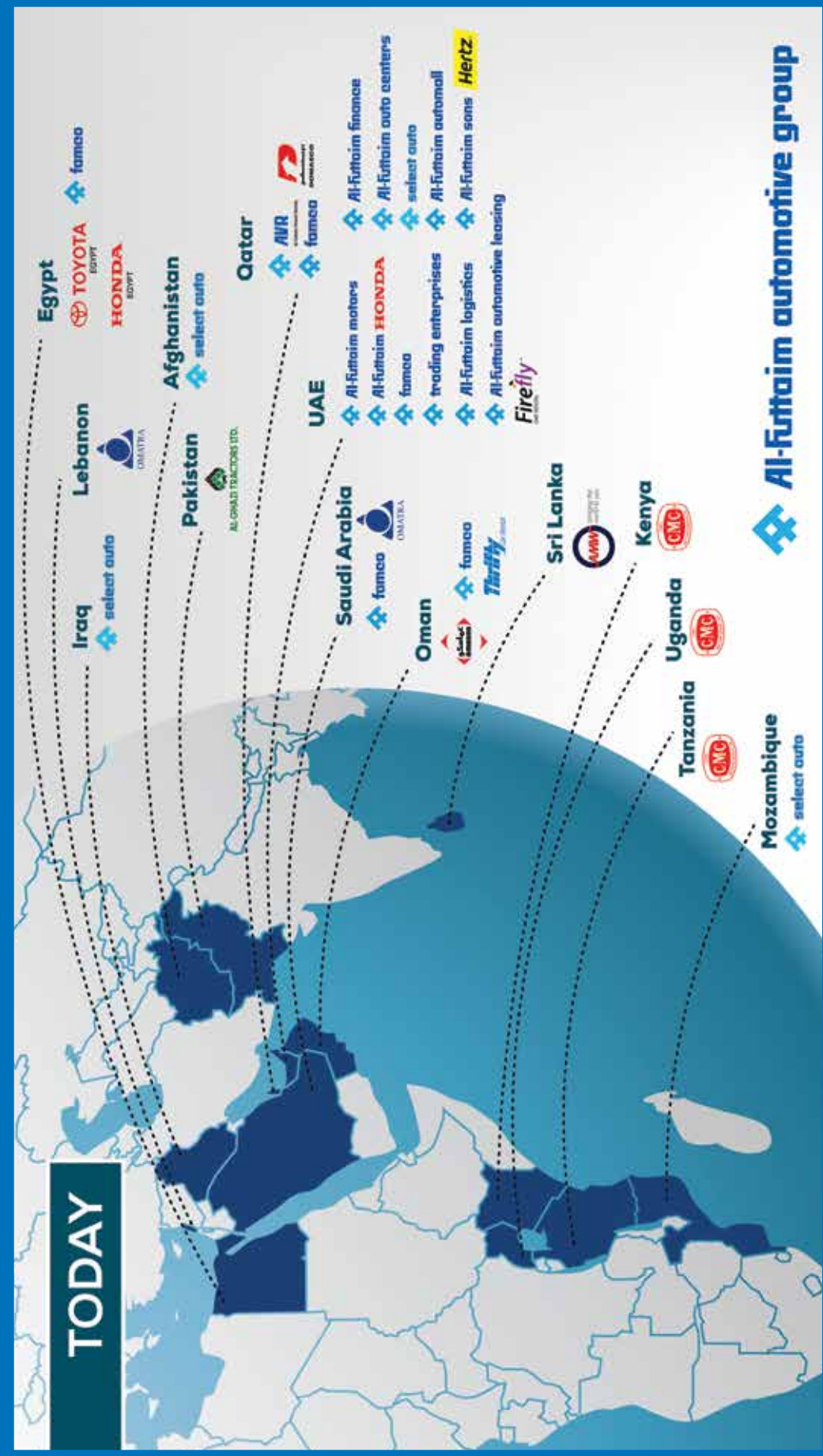
Al-Futtaim is the holding company of Al-Ghazi Tractors Limited with 50.02% shares.

**“We plan
for the long
term and
always add
value.”**

-Omar Al Futtaim



TODAY



 **Al-Futtaim automotive group**



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.



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-9001:2000 upto December 30, 2016.

Al-Ghazi Tractors Limited was also the first automobile company in Pakistan to introduce a high profile ERP solution to put the IT process in full circle. Commissioned in January 2002, this complete ERP thus inter-links all processes and supports company’s wider strategic objectives.

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.

OUR VALUES

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. Charles Leonard Hunt

Non-executive Chairman
Appointed August 4, 2009
Chairman, Human Resource and Remuneration Committee

A seasoned automotive professional, Mr. Hunt brings to Al-Ghazi Tractors many years of expertise and experience in the automobile industry of UK and USA. He is also President Automotive at Al-Futtaim and chairs various Boards of the Al-Futtaim Group companies.

He was educated at Sheffield University, UK.

Mr. Charles Leonard Hunt serves as the non-executive Chairman of the Board. He also heads the Board's Human Resource and Remuneration Committee. As Chairman, Mr. Hunt is responsible for leading the Board, setting its agenda and ensuring its effectiveness in all aspects of its role.

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



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 bachelor 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.



DIRECTORS' PROFILE

Non-Executive Director

Appointed December 06, 2017



Mr. Colin William Cordery

Mr. Colin William Cordery was appointed to the Board in 2017. Mr. Cordery serves as a Non-Executive Director of the Board. He is also a member of the Board's Human Resource and Remuneration Committee and the Board's Audit Committee.

Mr. Cordery has served AGTL's majority shareholder, Al-Futtaim Group, for over a decade and currently heads all its international automotive businesses.

Executive Director & CFO

Appointed Dec 07, 2011



Mr. Kashif Lawai

Mr. Kashif Lawai was appointed as Chief Financial Officer and Director on the Board in 2011. He had earlier served as Chief Internal Auditor of the Company.

Mr. Lawai started his professional career in 1996 from A.F.Ferguson & Co, a member firm of the PwC network. His experience includes serving Pakistan Refinery Limited as Company Secretary & Financial Controller.

He is a fellow member of Institute of Chartered Accountant of Pakistan and holds a Masters Degree in Economics. He is also a Certified Director from Pakistan Institute of Corporate Governance.

Independent Non-executive Director

Appointed December 06, 2014



Mr. M. Ali Qaiyum

Mr. M. Ali Qaiyum is a fellow member of the Institute of Chartered Accountants in England and Wales and the Institute of Chartered Accountants of Pakistan.

With over 30 years of financial experience, he has worked in areas such as auditing, treasury, mergers and acquisitions, risk management, strategy, financial planning and forecasting, implementation of ERPs and financial reporting. He has worked in these areas in Pakistan, UAE, Oman and UK.

Mr. M. Ali Qaiyum was appointed as an independent Director on December 06, 2014 and chairs the Audit Committee of the Board.

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

Non-Executive Director

Appointed Oct 23, 2015



Mr. Vincent De Lassagne

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.

Non-Executive Director

Appointed October 25, 2016



Mr. Mark Brinn

Mr. Mark Brinn is Head of SEA, Pakistan & Japan at CNH Industrial being responsible for the Company's business geographic area which include agricultural equipment (New Holland and Case IH Agriculture), construction equipment (New Holland and CASE Construction) and commercial vehicles (Iveco brands).

Mr. Mark is engaged with CNH Industrial for 20 years. He subsequently moved to Bangkok, where he took on responsibility for product marketing activities for the agricultural equipment brands in South East Asia and Japan, and was later appointed Business Director for agricultural equipment operations in the area.

Mr. Mark holds a Bachelor's degree in Agricultural Technology and Management.

Non-executive Director

Appointed August 15, 2012



Mr. Damiano Cretarola

Mr. Damiano Cretarola joined the Fiat Group in 2004, first working with Fiat Group International SA as Head of Administration and Control Department, then serving in the Finance Department of Fiat SpA Group.

In June 2008 he assumed responsibility as a Chief Accounting Officer of CNH International Region and in 2010 he was appointed Chief Financial Officer. In 2013, he was appointed as Chief financial officer of CNH Industrial N.V. APAC Region.

Mr. Damiano Cretarola holds a degree in Business Economics from the University of Fribourg, Switzerland, and a Federal Diploma as Certified Public Accountant from the "Akademie für Wirtschaftsprüfung" of Zurich.

Mr. Damiano Cretarola was appointed on the Board in 2012 as a non-executive director. He is also a member of the Audit Committee.

Raising The Bar



Mr. **Mohammad Shahid Hussain** CEO & MD presenting Souvenir to Mr. **Omar Al Futtaim** (Vice Chairman & CEO Al-Futtaim).

Strengthening Dealers Network



Revamping and upgradation of Dealers showrooms around the country.

SIGNIFICANT EVENTS DURING 2017



Al Ghazi Tractors signed an MOU with Micro Finance Bank

BOD Meeting for the 1st Quarter was held in the month of April for the approval of first quarter financial results and first interim dividend of 250% was announced.



Annual General Meeting of shareholders of the company was held in April 2017 where distribution of cash dividend of Rs. 12.5 per share was approved

The board of Directors (BOD) Meeting was held to review and approved audited financial statements for the year ended December 31st 2016.



AGTL successfully renewed its Industrial Collaboration Agreement with CNH Industrial Italia S.p.A (CNHI)

Jan.

Feb.

Mar.

Apr.

May

June

AGTL received the coveted award of the Best Managed Company from the Management Association of Pakistan.



Ground breaking ceremony for construction of state of the art Quality Lab at DGK Plant.



New dealerships were inaugurated country wide for strengthening Dealers network.



2017



BOD Meeting for the 2nd Quarter was held in the month of August for the approval of half year financial results and second interim dividend of 500% was announced.



Inauguration of newly constructed "Reverse Osmosis Plant" at DGK plant.



Dealers Convention was held at Singapore in October-2017



Engineers Club Convention was organized at DGK in the month of November 2017

July

Aug.

Sept.

Oct.

Nov.

Dec.

Independence day was Celebrated at all AGTL location.

CBA Annual Sports Festival was organised at DGK Plant.

BOD Meeting for the 3rd Quarter was held in the month of October for the approval of third quarter financial results and third interim dividend of 500% was announced.

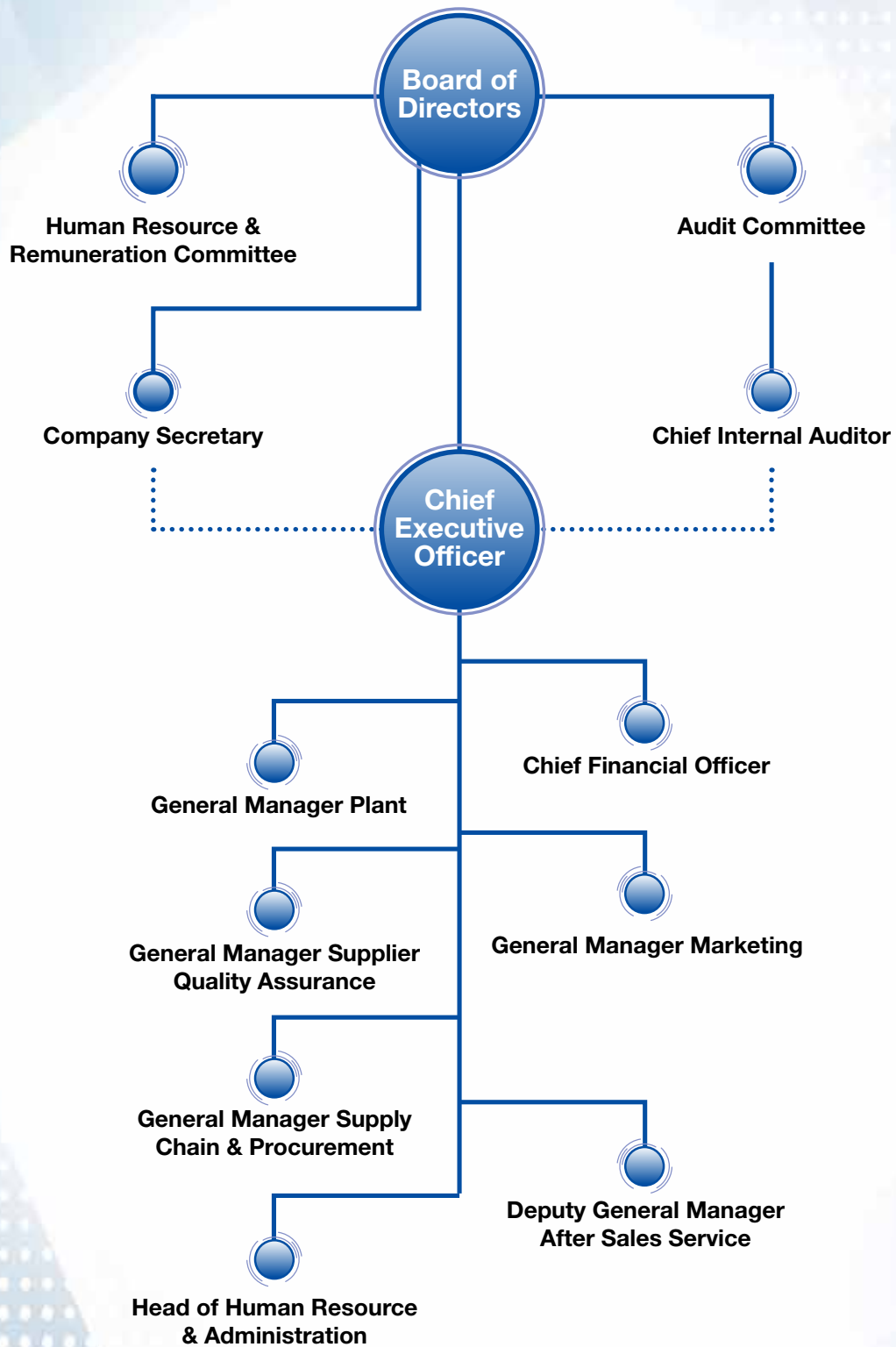
AGTL was awarded 2nd position in "Best Corporate Report Award" by joint committee of ICAP and ICMAP



Extra Ordinary General Meeting of shareholders of the company was held in December 2017.



ORGANIZATIONAL CHART



Legends

- Functional Reporting
- - - - - Administrative Reporting

MANAGEMENT REVIEW

MANAGEMENT OBJECTIVES AND STRATEGIES

The Company's primary objective is to enhance shareholder value. We strive to achieve our objective with excellence in corporate governance and human resource practices. Utmost priority is given to the quality of our products. Robust and sturdy, the Company's products of 55, 65, 75 and 85 hp, carry a local content of around 92%. With effective cost controls and efficient energy management, the Company has reduced variable costs – adding to the overall profitability.

The Company's financial and non-financial performance is a reflection of achievement of management's objectives. There is no material change in the management strategies and objectives from the previous year.

SIGNIFICANT CHANGES IN OBJECTIVES AND STRATEGIES FROM PREVIOUS PERIOD

There is no material change in the Company's objective and strategies from the previous year.

RESULTS AND MANAGEMENT'S OBJECTIVES

Financial and non-financial results are the reflection of achievement of management's objective which are strategically placed to increase the wealth of each stakeholder. The said results are properly evaluated against the respective strategic objectives to confirm the achievement.

CAPITAL STRUCTURE

The Company has a solid financial base with no debt, no bank borrowing and adequate liquid investments.

As at Dec 31, 2017 capital structure comprised of Rs. 289.9 million of share capital representing Rs. 57.9 million ordinary shares of Rs. 5/- each. Major shareholding is owned by Al-Futtaim with 93% equity holding.

The Company believes that there is no inadequacy in capital structure.

LIQUIDITY ANALYSIS AND STRATEGIES TO OVERCOME LIQUIDITY PROBLEMS

The management of the Company has years of experience in liquidity management and liquidity management system and tend 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.

The aggregate net working capital stood at Rs. 1,492 million at the close of Dec 31, 2017.

ENTITY'S MOST SIGNIFICANT RESOURCES

The significant resources comprise but are not limited to human, financial and technological resources. We hire teams of professionals 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

SIGNIFICANT CHANGES IN FINANCIAL POSITION

The Company posted an impressive turnover growth of 56% as compared to last year. The Company sold 24,423 tractors during the year under review as compared to 16,206 units sold in the previous year.

Refund due from government increased by 49% to Rs. 1.2 billion in 2017 as compared to Rs. 0.8 billion in the year 2016. The increase is due to refunds claimed during the year amounting to Rs. 1.2 which is partially offset by payments received against RPOs amounting to Rs. 0.9 billion.

Stock in trade increased by 64% to Rs. 2.3 billion in 2017 as compared to Rs. 1.4 billion in the year 2016.

NON-FINANCIAL PERFORMANCE

The quality of tractors, customer satisfaction, employee retention and development and ethical business conduct are the Company's key non-financial performance indicators. The management keeps a close vigil on all these areas and strives to continually improve its performance indicators.

SEGMENTAL REVIEW OF BUSINESS PERFORMANCE

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

segment. New business initiatives and trading goods represent 0.6% of the total revenue. The Company has dealerships in two countries; Pakistan and Afghanistan. All assets of the Company are located in Pakistan.

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.

BUSINESS CONTINUITY / DISASTER RECOVERY PLAN

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.

SAFETY OF RECORDS

The Company places emphasis on safety and storage of its financial and other records. AGTL was the first automobile company in Pakistan to introduce a high profile ERP solution, BaaN, to put the IT process in full circle. Commissioned in January 2002, this ERP thus inter-links all processes and supports Company's wider strategic objectives. The Company ensures that all data is retained to meet legal and operational requirements. No loss or breach of confidential data was reported during 2017.

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.

COMMENTARY ON FORWARD LOOKING DISCLOSURES MADE LAST YEAR

- The company earned a highest ever Revenue of Rs. 18.87 Billion with a highest ever Profit after taxation of Rs. 3.12 Billion.
- AGTL initiated construction of fully equipped Quality Lab to be completed over a period of three years in order to further improve quality and standing of its product.
- Opening of new dealerships during the year for wider coverage of areas bringing us a major visibility in the market.
- Country wide revamping and upgradation of existing dealerships.
- The company imported first of its kind New Holland Combine Harvester and carried out extensive demonstrations all over Pakistan for commercial launch in 2018.
- The company launched a new customer service help line in the name of “PUKAR” to provide efficient response to customers. Door Step Free Service Programs were also been launched.

FORWARD LOOKING STATEMENT

The Company continues to focus on quality production and envisages to embark on the journey of introducing environment friendly products while continuously up-grading existing models in order to remain competitive in the challenging business environment. Company has planned to launch improved version of Dabung -85HP in 2018.

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. A water affluent plant is under development at Plant which would convert the industrial waste water to be appropriate for planting.

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 hospital services for the families living in staff town.

Upgradation of manufacturing facility and Human resource development through increased collaboration and technical support of Case New Holland- CNHI.

In a yet another recent move to contribute towards farmer community and for better crop yield, Al-Ghazi Tractors has brought in first of its kind New Holland Brand Combine Harvesters, Balers and 95 HP tractors into Pakistan. The Company subsequently plans to commence assembly of these Combines locally in collaboration with Case New Holland (CNHI).

DIRECTORS' REPORT TO SHAREHOLDERS

The Directors of Al-Ghazi Tractors Limited ('the Company' or 'AGTL') are pleased to present the annual report together with the Company's audited financial statements for the year ended December 31, 2017.

Rupees in thousand	2017	2016
OPERATING RESULTS		
Sales	18,871,448	12,098,828
Gross Profit	5,259,738	3,348,741
Profit before taxation	4,585,013	2,877,525
Taxation	(1,461,893)	(950,641)
Profit after tax	3,123,120	1,926,884
Other comprehensive income	(9,457)	(8,680)
Total comprehensive income	3,113,663	1,918,204

The increase in profit is mainly due to higher sales volume as 24,423 tractors were sold as compared to 16,206 tractors sold last year.

COMPANY PERFORMANCE

It is a great pleasure to present a review of the impressive performance of the Company for the year 2017. The Company sold 24,423 tractors during the year 2017 as compared to 16,206 tractors sold in the year 2016. Consequently, the Company's revenue increased by 56% to Rs 18.87 billion. Lean management and rigorous cost discipline assisting in maintaining a remarkable gross profit. The Company managed to increase profit before tax by 59% to Rs. 4.58 billion on the back of additional sales volume and effective cost management.

Out of the pre-tax profit of Rs 4.58 billion, an amount of Rs 1.46 billion was charged on account of corporate tax. The after-tax profit thus stands at Rs 3.12 billion translating into earnings per share (EPS) of Rs 53.88.

"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. This recognition motivates the Company to provide improved information to its shareholders.

APPROPRIATIONS

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

Rupees in thousand	2017	2016
Total comprehensive income	3,113,663	1,918,204
Unappropriated profit – brought forward	2,069,648	4,498,759
Amount available for appropriation	5,183,311	6,416,963

Rupees in thousand	2017	2016
APPROPRIATION:		
Final dividend paid for the year 2016: Rs. 12.5 per share (2015: Rs. 25 per share)	(724,553)	(1,449,105)
First Interim dividend paid for the year 2017: Rs. 12.5 per share (2016: Rs 25 per share)	(724,553)	(1,449,105)
Second Interim dividend paid for the year 2017: Rs. 25 per share (2016: Rs 25 per share)	(1,449,105)	(1,449,105)
Third Interim dividend paid for the year 2017: Rs. 25 per share	(1,449,105)	-
Unappropriated profit – carried forward	835,995	2,069,648

There was no movement in general reserve during the year and its balance as at December 31, 2017 is Rs. 1 billion. The Board of Directors in its meeting held 19 February 2018 resolved to transfer general reserves balance as at 31 December 2017 to unappropriated profit.

For the year ended December 31, 2017, the Board in its meeting held on February 19, 2018, has proposed a final cash dividend of Rs. 25 per share amounting to Rs. 1,449.1 million.

MACRO ECONOMIC ENVIRONMENT AND TRACTOR INDUSTRY

Pakistan has achieved 5.28 percent GDP growth during FY 2016-17 which is highest in the last decade. Agriculture sector regarded as lifeline of Pakistan's economy as it accounts for an important part of the country's GDP and employed bulk (42.3%) of the total work force. Agriculture sector recorded a growth of 3.46 percent in FY 2017 as compared to the growth of 0.27 percent last year. The country's agricultural production is closely linked, inter alia, with the availability of irrigation water and weather conditions. The farmer community and allied industries may reap benefits depending on improvement of infrastructure including transport network and other blocks of modern supply chain, government initiatives, increased demand for high-value perishable products (due to growth of urban areas), etc.

Overall the tractor industry witnessed an increase in the calendar year 2017 as compared to the comparable period. According to published numbers, 66,369 tractors were sold during the current period as against 42,316 last year.

BUSINESS PERFORMANCE HIGHLIGHTS

Our vision at AGTL is to make the Company a symbol of success. Continuing with the year 2016 sales growth momentum, the Company's sales volume went to newer heights during 2017 and took a significant upturn mainly on account of improved farmer community's economic health comparatively. Further, recognition of Company's quality initiatives and innovative marketing strategies also fortified the sales volume. Cost management remained effective throughout the year. The Company remained principally engaged in the manufacture and/or sale of agricultural tractors, implements and spare parts.

AGTL has successfully negotiated and renewed its Industrial Collaboration Agreement with CNH Industrial Italia S.p.A (CNHI), the number one manufacturer of agricultural tractors in the world, to assemble and sell "NEW HOLLAND" CNHI tractors in Pakistan. The new agreement fortifies AGTL's commitment to quality, technical development and support for the local industry and the farming community. The new agreement also allows rights of export to Afghanistan.

The Company is committed to improve product quality at both incoming and assembly stages. A sophisticated lab is, therefore, being set up at the plant to ensure receiving of quality components. The Company is also focusing on vendor capacity building to further strengthen its supply chain in anticipation of growing demand of big HP tractors. With constant attention on quality and product improvement, the Company successfully launched a limited edition model with additional features and facilities in line with the market expectations.

The Company signed a corporate partnership agreement with Meezan Bank Limited and Karandaaaz Pakistan. This initiative will offer fast track financing solution to Company's small and medium size vendors and facilitate the vendor industry towards capacity enhancement and quality improvement. Likewise, for continued and enhanced engagement with its allied businesses the Company held a mechanics convention which was first of its kind and was well received by the participants.

The Company has structured its CSR framework to achieve relevant objectives.. The Company is focused on relevant social endeavors such as providing scholarships to merit students of the Universities, 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.

AGTL received the coveted award of the Best Managed Company from the Management Association of Pakistan. On June 8, 2017, AGTL's five rupee share reached a record high and was traded at Rs 784.04 on the Pakistan Stock Exchange – that is a market capitalization of 157 times- thus giving AGTL a total market value of Rs 45.45 billion. Without any doubt AGTL is one of the top stocks of the automobile industry in Pakistan.

FUTURE OUTLOOK

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.

The Company continues to focus on quality production and, given its one of values being to provide protection of environment, envisages to embark on the journey of introducing environment friendly products while continuously up-grading existing models in order to remain competitive in the challenging business dynamics. This engagement will enable the Company to knock the doors of international market.

With the intention to contribute towards farmer community and for better crop yield, the Company has brought in first of its kind New Holland Brand Combine Harvester into Pakistan for trial. The Company will explore in collaboration with CNHI the possibility of sale of imported New Holland Brand Combine harvesters, Balers and 95 hp tractors.

Effective management through mitigating strategies has been done in response to main 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 AND CORPORATE GOVERNANCE FRAMEWORK

The Company has complied with all material requirements of the Code of Corporate Governance issued by the Pakistan Stock Exchange.

Following are the statements on financial and corporate governance 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 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.

- Proper books of accounts of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements except for changes resulting on initial application of standards, amendments or interpretations to existing standards. 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 system of internal control is sound in design and has been effectively implemented and monitored.
- The Basic earnings per share were Rs 53.88 in 2017 compared to Rs. 33.24 in 2016.
- 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.
- 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 are shown in this Annual Report.
- Information about taxes and levies is given in the financial statements.
- Statement of value of investments of retirement funds is as follows:

	Rupees	Year ended
Gratuity fund	130,155	June 30, 2017
Provident fund	152,172	June 30, 2017

ELECTION OF DIRECTORS

Consequent upon completing the term, the directors were elected during the year. Mr. Majd-ul-Ahsan retired from the Board; the Board acknowledges with thanks his invaluable contribution to overseeing the business of the Company. While Mr. Charles Leonard Hunt, Mr. Mohammad Shahid Hussain, Mr. Kashif Lawai, Mr. M.A. Qaiyum, Mr. Damiano Cretarola, Mr. Mark Brinn and Mr. Vincent de Lassagne were re-elected directors for a fresh three year term. Mr. Colin William Cordery was also elected as new director on the Board. AGTL welcomes Mr. Colin William Cordery to the Board and looks forward to his professional expertise in guiding the Board. The Board elected Mr. Charles Leonard Hunt as its Chairman. Other than afore-said, there was no director on the Board during 2017.

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 2018.

FINANCIAL STATEMENTS ON WEBSITE

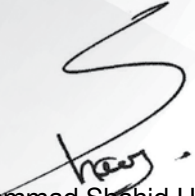
The financial results of the year 2017 would be placed on the Company's website and can be viewed on www.alghazitractors.com.

Acknowledgements

AGTL's recognition owes its successes to its talented employees – the officers and the workers who leave no opportunity to shine and devote themselves whole heartedly to the prosperity of the Company.

The Board is grateful to our employees, our supply chain associates, our dealers and our principals – CNH for their continued support and commitment. We look forward to continuing to deliver results in the coming years.

On behalf of the Board of Directors



Mohammad Shahid Hussain
Chief Executive Officer

Karachi
Dated: February 19, 2018



Kashif Lawai
Director

سال کے دوران کیلئے بحیثیت ڈائریکٹر منتخب ہوئے۔ جناب کولن ولیم کورڈی بورڈ پر نئے ڈائریکٹر منتخب ہوئے۔ AGTL جناب کولن ولیم کورڈی کو بورڈ میں خوش آمدید کہتا ہے اور بورڈ کی رہنمائی کیلئے ان کی ماہرانہ خدمات کی امید رکھتا ہے۔ بورڈ نے جناب چارلیز لیونارڈ ہنٹ کو اپنا چیئر مین منتخب کیا۔ مذکورہ بالا کے علاوہ، سال 2017 کے دوران کوئی اور ڈائریکٹر نہیں ہے۔

بیرونی آڈیٹرز

موجودہ آڈیٹرز، میسرز A.F فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس سبکدوش ہوئے اور بااہل ہونے کے ناطے، دوبارہ تقرری کیلئے خود کو پیش کیا۔ ڈائریکٹرز نے میسرز فرگوسن اینڈ کمپنی کو بطور آڈیٹرز برائے مالی سال 2018 کیلئے دوبارہ تقرری کو منظور کیا۔

ویب سائٹ پر مالیاتی بیانیے:

مالیاتی نتائج برائے سال 2017 کمپنی کی ویب سائٹ پر رکھی جائیں گی جو کہ www.alghazitractors.com پر دیکھی جاسکیں گی۔

تسلیمات:

AGTL کی کامیابی اس کے ہنرمند ملازمین پر منحصر ہے۔ کمپنی کے آفیسرز اور ملازمین کوئی موقعہ ہاتھ سے جانے نہیں دیتے جس سے کمپنی کی کارکردگی میں بہتری آئے اور اس کا نام روشن ہو۔

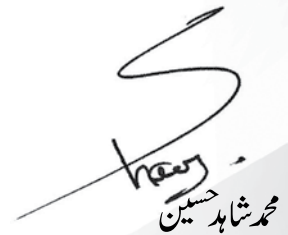
بورڈ اپنے ملازمین، اپنی ترسیلی چین ساتھی، اپنے ڈیلرز اور ہماری بنیاد CNH کو ان کی مسلسل معاونت اور وابستگی پر شکر گزار ہیں۔ ہم آئندہ سالوں میں مسلسل بہتر نتائج کے منتظر ہیں۔

بورڈ آف ڈائریکٹرز کی جانب سے



کاشف لوانی

ڈائریکٹر



چیف ایگزیکٹو آفیسر

کراچی، 19 فروری، 2018

☆ مالیاتی بیانیے کی تیاری میں مناسب اکاؤنٹنگ پالیسی مسلسل لاگو کی جاتی ہیں۔ اکاؤنٹنگ اسٹیٹمیٹ معقول اور دانشمندانہ فیصلوں پر مبنی ہوتی ہیں۔

☆ بین الاقوامی مالیاتی رپورٹنگ معیارات، جو کہ پاکستان میں لاگو ہیں، ان مالیاتی بیانیوں کی تیاری میں مقدم رکھی گئی ہیں۔
☆ 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 2017 میں بنیادی آمدنی فی حصص 53.88 روپے رہی، اس کے مقابلہ میں سال 2016 میں فی حصص 33.24 روپے تھی۔

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

☆ 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۔
☆ مالیاتی بیانیے میں قرضہ جات اور ٹیکس سے متعلق معلومات موجود ہیں۔
☆ سبکدوشی فنڈ میں کی گئی سرمایہ کاری کا بیانیہ درج ذیل ہے:

روپے ہزار میں	سال اختتام پذیر	اعترافی فنڈ
130,155	30 جون، 2017	
152,172	30 جون، 2017	احتیاطی فنڈ

ڈائریکٹرز کا انتخاب:

دورانیہ کے اختتام پر، سال کے دوران ڈائریکٹرز منتخب کیے گئے۔ جناب ماجد الحسن بورڈ سے سبکدوش ہوئے؛ بورڈ ان کی جانب سے کمپنی کے کاروبار کی دیکھ بھال میں ان کی گراں قدر خدمات کا شکر گزار ہے، اور اسے تسلیم کرتا ہے۔ جبکہ چارلیز لیونارڈ ہنٹ، جناب محمد شاہد حسین، جناب کاشف لاوائی، جناب ایم۔ اے قیوم، جناب ڈامیانو کریٹارولا، جناب مارک برن اور جناب وینسنٹ ڈی لاسگنی، آئندہ تین

حکمت عملی اور بہترین دماغی صلاحیتوں کا استعمال کیا گیا تاکہ کمپنی کی مجموعی کامیابی ممکن ہو سکے۔ AGTL امید پروری پر جاری و ساری ہے اور اپنی مستعد افرادی قوت پر بھروسہ رکھتی ہے۔

کمپنی نے مسلسل اپنی توجہ معیاری پراڈکٹ پر مرکوز رکھی ہوئی ہے اور ماحولیاتی کو تحفظ فراہم کرنے، متعارف کرانے کیلئے دوستانہ ماحول کے قیام کیلئے مسلسل موجودہ ماڈلز کو ترقی دے رہی ہے تاکہ رونما کاروباری تبدیلیوں میں مسابقت رکھی جاسکے۔ یہ گہما گہمی کمپنی کو بین الاقوامی مارکیٹ کا دروازہ کھٹکھٹانے کے قابل بنائے گی۔

کسان کمیونٹی کو معاونت فراہم کرنے کے سلسلے میں اور بہتر کاشتکاری کیلئے، کمپنی نے پہلی بار نئی قسم کا ”نیو ہالائیڈ برانڈ کمبائن ہارویسٹر“ پاکستان میں آزمائش کیلئے متعارف کرایا ہے۔ کمپنی CNHI کے ساتھ شراکت داری کے ذریعے ”نئے ہالائیڈ برانڈ کمبائن ہارویسٹر“، ہیلرز اور 95HP ٹریکٹر کی فروخت کیلئے سعی کی ہے۔

کمپنی کو درپیش بنیادی خطرات اور غیر متوقع حالات کے تناظر میں ماہرانہ حکمت عملی کے ذریعے موثر نظم و نسق کیا گیا ہے مثلاً: کمپنی کے حکمت عملی، منصوبہ بندی اور پُر احتیاط نگرانی کی مدد میں متعلقہ امور کیلئے؛ خام مال کی قدر میں بڑھوتری کے خطرے کیلئے اسے کمپنی کی نظر ثانی کرنے والی کمیٹی کے ذریعے پڑتال کی جائے گی، آپیکھنج نرخ میں اضافے کے خطرے کیلئے کمپنی کی پراڈکٹ 92 فیصد لوکل جزو ترکیبی پر مشتمل ہے؛ خام مال کے حصول کیلئے ذرائع نہ ہونے کے خطرے کی نظم و نسق کیلئے مسلسل سپلائی بیس کی نگرانی کی جائے تاکہ بلا روک پیداوار کو یقینی بنایا جاسکے۔

مالیاتی اور کارپوریٹ گورننس مندرجہ ذیل:

کمپنی، پاکستان اسٹاک ایکسچینج کی جانب سے جاری کردہ کارپوریٹ گورننس ضابطہ کی تمام ضروری مطلوبات کی پاسداری کی ہے۔

مالیاتی اور کارپوریٹ گورننس فریم ورک پر بیانیہ درج ذیل ہیں:

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

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

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

کی جانب سے معیار، فنی ترقی اور لوکل صنعت اور کسان کمیونٹی کیلئے معاونت کی مد میں کیے گئے وعدہ کو مستحکم کرتا ہے۔ نیا معاہدہ افغانستان درآمد کرنے کے حقوق کی بھی اجازت دیتا ہے۔

کمپنی نے دونوں درآمد کرنے اور جوڑنے کے مراحل کی مد میں پراکٹ کے معیار کی بہتری کا تہیہ کیا ہے۔ ایک تصنعی لیبارٹری کو پلانٹ پر نصب کیا گیا ہے تاکہ معیاری جزو ترکیبی کی حصول کو یقینی بنایا جاسکے۔ کمپنی نے وینڈر کیپسٹی بلڈنگ کی جانب بھی توجہ مبذول کر رکھی ہے تاکہ بڑے HP ٹریکٹر کی بڑھتی ہوئی طلب کی مد میں اس کی سپلائی چین کی صلاحیت میں مزید بہتری لائی جاسکے۔ معیار اور پراڈکٹ بہتری پر متواتر توجہ کے ساتھ ساتھ، کمپنی نے کامیابی سے محدود ایڈیشن ماڈل شروع کیے ہیں جو کہ مزید فیوچرز سے لیس اور مطلوبہ مارکیٹ کے مطابق سہولتیں فراہم کرتے ہیں۔

کمپنی نے میزان بینک اور کارنداز پاکستان کے ساتھ کاروباری شراکتی معاہدہ پر دستخط کیے ہیں۔ جو کہ کمپنی کے چھوٹے اور متوسط فروخت کنندگان کو تیز رفتار معاشی سولوشن کی پیشکش کرتا ہے اور فروخت کنندہ صنعت کو کاروباری صلاحیت میں وسعت اور معیار میں بہتری کی مد میں معاونت کرتا ہے۔

کمپنی نے متعلقہ اہداف کے حصول کیلئے، اپنا CSR فریم ورک ترتیب دیا ہے۔ کمپنی متعلقہ سماجی خدمات کیلئے سعی و جہد کر رہی ہے جیسا کہ یونیورسٹیوں کے میرٹ طلباء کو اسکا لرشپ کی فراہمی، لوکل ٹیلنٹ کی بڑھوتری، خصوصی افراد کی ملازمت اور سماجی فلاح و بہبود کیلئے متحرک کردار خصوصی طور پر ڈیرہ غازی خان میں جہاں پلانٹ واقع ہے۔ صنعتی تعلقات، صارفی محافظتی تدابیر اور کاروباری ضابطہ کار کیلئے گراں قدر کوششیں کی گئی ہیں۔ ماحولیاتی اثرات اور ضابطہ کار کیلئے، کمپنی نے وابستگی ظاہر کی ہے اور اس مد میں اس طرح کے اقدامات کیے ہیں جس میں توانائی کی بچت، دوبارہ استعمال، ریسائیکلنگ، ماحولیاتی تحفظ، شجر کاری، ایندھن کا تناسب، وغیرہ شامل ہیں۔

AGTL نے مینجمنٹ ایسوسی ایشن پاکستان کی جانب سے ”بہترین منتظم کمپنی“ کا ایوارڈ حاصل کیا ہے۔ مورخہ 8 جون، 2017، کو AGTL کا پانچ روپے حصص اضافہ ہو کر پاکستان اسٹاک ایکسچینج پر 784.04 پر کاروبار کیا۔ یہ بازاری سرمایہ کاری میں 157 گناہ زیادہ ہے۔ اس طرح اس نے AGTL کی کل مارکیٹ قدر 45.45 بلین روپے پر پہنچادی۔ بغیر کسی شک و شبہ کے، AGTL پاکستان کی آٹوموبائل صنعت میں صف اول کے اسٹاک کی حامل ہے۔

آئندہ امکانات:

بیان کردہ اہداف کے تحت اور نمایاں کردہ کمپنی کے اقتصادی ماحول کو مد نظر رکھتے ہوئے، کمپنی نے اپنی توجہ معیاری پراڈکٹ کی ترسیل پر مرکوز رکھی ہوئی ہے۔ جو کہ دیرپا مسابقتی اثر و رسوخ کی علامت ہے۔ مؤثر کاروباری منصوبہ بندی متعین کی گئی ہے اور معاونی

سال کے دوران عام محفوظ فنڈ میں کوئی تبدیلی نہیں کی گئی اور 31 دسمبر 2017 تک اس کا بیلنس 1 بلین روپے تھا۔ بورڈ آف ڈائریکٹرز نے اپنی میٹنگ منعقدہ 19 فروری 2018 میں یہ طے کیا 31 دسمبر 2017 تک کے عام محفوظ فنڈ کو غیر تصرف شدہ منافع میں منتقل کیا جائے۔

برائے سال اختتام پذیر 31 دسمبر 2017، بورڈ نے اپنی میٹنگ منعقدہ 19 فروری، 2018 میں حتمی نقد ڈویڈنڈ مبلغ 25 روپے فی حصص یعنی 1,449.1 ملین روپے کی تجویز پیش کی۔

سیکرواقتصادی ماحول اور ٹریکٹر صنعت:

پاکستان نے مالی سال 2016-17 میں 5.28 فیصد GDP اضافہ حاصل کیا جو کہ کچھ عشرہ میں سب سے زیادہ ہے۔ زراعت کا شعبہ پاکستان کی معیشت کی حیات ہے جیسا کہ ملک کے GDP اور کل مزدوروں کی تعداد کا 42.3 فیصد حجم رکھتا ہے۔ زراعت کے شعبے نے مالی سال 2017 میں 3.46 فیصد اضافہ کیا، اس کے مقابلے میں پچھلے سال 0.27 فیصد اضافہ تھا۔ ملک کی زراعت کا دارومدار، منجملہ دیگر، آبپاشی کے پانی اور موسمی حالات پر ہوتا ہے۔ کسانوں کا سماج اور متعلقہ صنعتیں کے ثمرات انفراسٹرکچر کی اصلاح پر منحصر ہیں جس میں ٹرانسپورٹ نیٹ ورک اور دیگر جدید سہولتیں جین کے ذرائع، گورنمنٹ کی پیش رفت، جلد خراب ہونے والی اشیاء کی مہنگی قدر (جس کی وجہ شہری علاقوں کی آباد کاری ہے)، وغیرہ وغیرہ۔

مجموعی طور پر ٹریکٹر کی صنعت سابقہ دورانیہ کے مقابلے میں، کلینڈر سال 2017 میں اضافے کی شاہد ہے۔ اشاعت کے مطابق 369،66 ٹریکٹرز فروخت ہوئے جبکہ پچھلے سال اسی دورانیہ میں فروخت کی 42،316 ٹریکٹرز تھی۔

کاروباری کارکردگی کی اہم نکات

AGTL پر ہمارا نظریہ کمپنی کی کامیابی کا نشان بنانا ہے۔ 2016 کی فروخت کے ساتھ ترقی کا حجم، کمپنی کا فروختی حجم 2017 کے دوران نئی بلندیوں کی جانب گامز ہوئی اور کسانوں کی معاشی صحت کی اصلاح کی بہتری کی مد میں اہم کردار ادا کیا۔ مزید، مطلوبہ کمپنی کے معیار نے مارکیٹنگ حکمت عملی کو تجدید و اور وام بخشا جس سے کاروباری حجم مستحکم ہوا۔

لاگتی نظم و نسق پورے سال موثر رہا۔ کمپنی کو پیداوار اور/یا زراعتی ٹریکٹرز کی فروخت، اوزار اور اسپیر پارٹس سے متعلقہ اصولوں پر کاربند رکھا گیا۔

AGTL نے کامیابی سے CNH انڈسٹریل اٹالیا، (CNH) S.p.A. جو کہ دنیا میں صف اول کی زراعتی ٹریکٹریا کرنے والی کمپنی ہے، کے ساتھ، پاکستان میں ”نیو ہالینڈ“ CNH ٹریکٹرز کے نام آسمبل کرنے اور بیچنے کیلئے، صنعتی شراکتی معاہدہ کی تجدید کی۔ نیا معاہدہ AGTL

قبل از ٹیکس منافع 4.58 بلین روپے میں سے، 1.46 بلین روپے کارپوریٹ ٹیکس کی مد میں ادا کیے گئے۔ اس طرح بعد از ٹیکس منافع 3.12 بلین روپے ٹھہرا یعنی فی حصص آمدن (EPS) 53.88 روپے رہی۔

”کی آپریٹنگ اور مالیاتی ڈیٹا“، سالانہ رپورٹ میں نمایاں کی گئی مالیاتی بیانیے کی افقی اور عمودی تشریح“ کمپنی کی مضبوطی کی شاہد ہے۔ کمپنی کی سالانہ رپورٹ کو ابھی دوبارہ، ICAP کی جوائنٹ کمیٹی اور ICMAP کی جانب سے، اعلیٰ درجے کی بہترین سالانہ رپورٹ ایوارڈ سے نوازا گیا تھا۔ یہ قدر شناسی کمپنی کے حصص داران کو بہتر انداز میں معلومات کی فراہمی پر ابھارتی ہے۔

تصرفات:

موجودہ سال کیلئے مالیاتی نتائج کا جائزہ درج ذیل ہے:

2017	2016	روپے ہزار میں
3,113,663	1,918,204	کل مجموعی آمدنی
2,069,648	4,498,759	غیر تصرف شدہ منافع - آگے لایا گیا
5,183,311	6,416,963	تصرفات کیلئے دستیاب منافع
		تصرف:
		حتمی ادائیگی برائے سال 2016
(724,553)	(1,449,105)	12.5 روپے فی حصص (2015: 25 روپے فی حصص)
		اول متوسط ڈویڈنڈ برائے سال 2017
(724,553)	(1,449,105)	12.5 روپے فی حصص (2016: 25 روپے فی حصص)
		دوم متوسط ڈویڈنڈ برائے سال 2017
(1,449,105)	(1,449,105)	25 روپے فی حصص (2016: 25 روپے فی حصص)
		سوم متوسط ڈویڈنڈ برائے سال 2017
(1,449,105)	-	25 روپے فی حصص
835,995	2,069,648	غیر تصرف شدہ منافع

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 2017 پیش کرتے ہوئے مسرت محسوس کرتے ہیں۔

آپریٹنگ نتائج:

2017	2016	روپے ہزار میں
18,871,448	12,098,828	فروخت
5,259,738	3,348,741	مجموعی منافع
4,585,013	2,877,525	قبل از ٹیکس منافع
(1,461,893)	(950,641)	ٹیکس
3,123,120	1,926,884	بعد از ٹیکس منافع
(9,457)	(8,680)	دیگر جامع آمدنی
3,113,663	1,918,204	کل جامع آمدنی

آمدنی میں اضافے کی اصل وجہ عمدہ فروختی حجم یعنی 24,423 ٹریکٹرز کا فروخت ہونا تھا جبکہ اس کے مقابلے میں پچھلے سال 16,206 ٹریکٹرز فروخت ہوئے۔

کمپنی کی کارکردگی:

کمپنی کی متاثر کن کارکردگی کا جائزہ برائے سال 2017 پیش کرتے ہوئے نہایت خوشی محسوس ہوتی ہے۔ کمپنی نے سال 2017 کے دوران 24,423 ٹریکٹرز فروخت کیے، اس کے مقابلے میں پچھلے سال 2016 میں 16,206 ٹریکٹرز فروخت ہوئے تھے۔ نتیجتاً، کمپنی کی آمدن 56 فیصد اضافے کے ساتھ 18.87 بلین روپے تک جا پہنچی۔ پُر اعتماد نظم و نسق اور ٹھیک لگتی قواعد غیر معمولی مجموعی منافع برقرار رکھنے میں معاون رہی۔ کمپنی نے اضافی سیلز ٹیکس کے ہوتے ہوئے اور مؤثر لگتی حکمت عملی کے ذریعے منافع میں 59 فیصد یعنی 4.58 بلین روپے کا اضافہ ہوا۔



CHAIRMAN'S REVIEW

It gives me immense pleasure to present the review report for the year ended December 31, 2017.

COMPANY'S PERFORMANCE OVERVIEW

2017 was a remarkable year in terms of performance of Al-Ghazi Tractors Limited ('the Company'). As more fully explained in the directors' report, the Company was successful in increasing profit before tax by 59% to Rs. 4.58 billion mainly due to excellent sales volume of 24,423 tractors and effective cost management. Moving ahead, in line with the Company's vision and mission and while giving regard to economic environment affecting the Company, focus of the Company's management will remain on delivery of quality products and sound business plans for the overall success of the Company. The Company is fueled by the confidence of its fundamental strengths, the quality of its devoted workforce, the supply systems, and with its nationwide distribution network and customer care centres. I am confident that the Company will be successful in meeting the future challenges and targets.

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 key assets throughout the year.

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 has 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 2017 statement of compliance with code of corporate governance. Appropriate directors' reports have been published with all the condensed interim financial information and 2017 annual financial statements.

The Board recognises that well defined corporate governance processes are vital in enhancing corporate accountability. It is thus committed to ensuring high standards of corporate governance to preserve and maintain shareholder value. The Board has access to complete, adequate and timely information and resources. Further, in order to have effective and detailed oversight, the Board has established its appropriate committees for its support. The Board met frequently

For and on behalf of the Board

Karachi
February 19, 2018

enough during the year 2017 to discharge its responsibilities 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 remarkable.

To be a high performance board, the directors focused on reviewing the Company's purpose, vision and values, on guiding strategy, ensuring compliance with the code of corporate governance, overseeing management, monitoring effectiveness in the Company's governance practices, ensuring appropriate controls and overseeing disclosures and other communications. The performance of the Board is also formally evaluated on the basis of the key relevant areas; in relation to these areas the Board provided its important input that set the overall successful direction for the Company.

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 continued, invaluable and consistent efforts which were pivotal in achieving excellent results of the Company.

I would like to congratulate all stakeholders for the impressive performance of the Company and commend the Company's Board of Directors, management and employees for achieving the said performance.




Charles Leonard Hunt
Chairman

اعلیٰ کارکردگی بورڈ کیلئے، ڈائریکٹرز نے کمپنی کے مقاصد، نظریہ اور اقدار، رہنما حکمت عملی، کارپوریٹ گورننس کی پاسداری کو یقینی بنانے، تشہیرات اور دیگر مواصلات کے انضباط اور نگرانی کے جائزے پر توجہ مرکوز رکھی۔ متعلقہ کلیدی عوامل کی بنیاد پر بورڈ کی کارکردگی بھی بہتر رہی؛ بورڈ نے ان عوامل سے متعلق اہم رہنمائی فراہم کی جو کہ کمپنی کیلئے کامیابی کی ضامن ثابت ہوئی۔

سال رواں کے دوران، کمپنی کے بورڈ آف ڈائریکٹرز نے کمپنی کے مقاصد کے حصول کو یقینی بنانے کیلئے مؤثر کردار ادا کیا۔ میں، بورڈ کی جانب سے مسلسل، پیش بہا اور بااصول کوششوں کا شکر گزار ہوں جو کہ کمپنی کے بہترین نتائج کے حصول کیلئے ضروری تھیں۔

میں تمام شراکت داروں کو کمپنی کی متاثر کن کارکردگی کیلئے مبارکباد پیش کرنا چاہوں گا اور مذکورہ کارکردگی کے حصول کیلئے کمپنی کے بورڈ آف ڈائریکٹرز، انتظامیہ اور ملازمین کا معترف ہوں۔



چارلیز لیونارڈ ہنٹ

چیرمین

کراچی، 19 فروری 2018

چیرمین کی نظر ثانی شدہ رپورٹ

مجھے نظر ثانی شدہ رپورٹ برائے سال اختتام پذیر 31 دسمبر، 2017 پیش کرتے ہوئے انتہائی مسرت محسوس ہو رہی ہے۔

کمپنی کی کارکردگی کا عمومی جائزہ

سال 2017، الغازی ٹریڈرز لمیٹڈ (متعلقہ کمپنی) کی کارکردگی کے حوالے سے نہایت غیر معمولی تھا۔ جیسا کہ ڈائریکٹرز کی رپورٹ میں بہتر طور سے وضاحت کی گئی ہے، کمپنی ماقبل ٹیکس 59 فیصد منافع یعنی 4.58 بلین روپے حاصل کرنے میں کامیاب رہی جس کی اصل وجہ عمدہ فروختی حجم 24,423 ٹریڈرز اور لاگت سے متعلق بہتر حکمت عملی تھی۔ آگے چلتے ہیں، کمپنی کے نظریہ اور مقصد کے حصول اور کمپنی کے اقتصادی ماحول کی ترویج کیلئے، کمپنی انتظامیہ نے اپنی توجہ معیاری پراڈکٹ کی ترسیل اور موثر کاروباری منصوبہ بندی پر مرکوز رکھی۔ کمپنی اس کی بنیادی اہلیت، وفا شعار ماہر کارکنان، ترسیلی انتظامات، اور ملک گیر رسدی نیٹ ورک اور کسٹمر کیئر سینٹر پر بھروسے سے لبریز ہے۔ میں پر اعتماد ہوں کہ کمپنی آئندہ چیلنجز اور اہداف کامیابی سے عبور کرے گی۔

بورڈ کی کارکردگی اور موثر کردار

کمپنی کے بورڈ آف ڈائریکٹرز (متعلقہ بورڈ) کی مجموعی کارکردگی اور کمپنی کے مقاصد کے حصول کیلئے بورڈ کی جانب سے ادا کیا گیا موثر کردار، پورے سال کلیدی اثنا شدہ رہا۔

بورڈ نے اپنی فرائض تندہی کے ساتھ نبھائے اور کمپنی کے مسائل کا کامل اور موثر بندوبست کیا۔ کمپنی کے حصص داران کا بہترین مفاد برقرار رکھا گیا ہے۔ بورڈ نے کمپنی ایکٹ 2017 اور کارپوریٹ گورننس کے لاگو ضابطہ کے مطابق اپنے اختیارات کا استعمال اور اپنے فرائض منصبی کی انجام دہی کی۔ کمپنی نے مذکورہ ضابطہ کے متعلقہ اصولوں کی تعمیل کی جو کہ کمپنی کے 2017 کے کارپوریٹ گورننس کے ضابطہ کی تعمیل کے بیانیے میں تفصیلی طور پر موجود ہیں۔ مناسب ڈائریکٹرز کی رپورٹ، مجموعی عبوری مالیاتی معلومات اور سالانہ مالیاتی بیانیے 2017 کے ساتھ، شائع کی جا چکی ہے۔

بورڈ سمجھتا ہے کہ وضع کردہ کارپوریٹ گورننس طریقے کار، کارپوریٹ احتساب کی ترویج کی اساس ہیں۔ اسی لئے حصص داران کی قدر کو محفوظ و برقرار رکھنے کیلئے کارپوریٹ گورننس کے اعلیٰ معیارات کی پاسداری یقینی بنائی کی گئی ہے۔ بورڈ کے پاس مکمل کرنے، متوازی کرنے اور بروقت معلومات و ذرائع پر دسترس موجود ہے۔ علاوہ ازیں، موثر اور تفصیلی نگرانی کیلئے بورڈ نے اس مقصد کیلئے مناسب کمیٹیاں تشکیل دی ہیں۔ بورڈ نے سال 2017 کے دوران اپنی ذمہ داریاں نبھاتے ہوئے متواتر ملاقاتیں کیں اور اس کی کمیٹیوں کی جانب سے انعقاد کی گئیں میٹنگز کے اضافے کے ساتھ، پانچ میٹنگز کا انعقاد کیا گیا۔ بورڈ کی جانب سے موثر کردار، کمپنی کے مسائل کی نظم و نسق میں کلیدی حیثیت رکھتا ہے، جس کی کارکردگی غیر معمولی رہی۔

RISK MANAGEMENT

STRATEGIC RISKS

Risk Description:

Inability to source raw material and increase in prices may affect the profit margins.

Mitigating Strategy

Raw material sourcing and pricing are managed by constantly monitoring the supply base to ensure uninterrupted procurement. Prices are approved by the price revision committee to control adverse price movements.

Risk Description:

Business Continuity Risk

Mitigating Strategy

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. Moreover, the Company uses insurance as a means to transfer risks. The Company insures its risks based on an approach that seeks to balance the cost benefits with its risk appetite.

OPERATIONAL RISK

Risk Description:

Weaknesses in the internal control framework could lead to loss of financial irregularities and unethical work practices

Mitigating Strategy

The Company has put in place manuals, delegation of authority and regular reporting framework to identify and monitor areas of potential exposure. Independent checks on internal controls and risk management process are undertaken by the Internal Audit department to ensure their effectiveness and adequacy.

Several policies such as whistle blowing protection policy and financial authority limits are in place to mitigate the risk of fraud. During the year under review, there were no reported cases of fraud or corruption.

Risk Description:

Safety risk

Mitigating Strategy

The Company continues to place paramount importance in promoting safe and healthy work environment for its employees, workers and the community.

Risk Description:

Employee recruitment and retention risk

Mitigating Strategy

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 and staff development, management succession. Weekly meetings are held with CBA to resolve their issues and grievances. The Company is an equal opportunity employer.

COMMERCIAL RISK**Risk Description:**

Credit risk if the counterparty fails to meet its contractual obligations.

Mitigating Strategy

Company's products are sold mainly against advance payment except for some institutional / credit sales which is secured. The capital structure of the Company is equity based with no financing through long or short term borrowing.

FINANCIAL RISK**Risk Description:**

Exchange rate fluctuation could adversely impact the profitability of the Company.

Mitigating Strategy

The Company's product has around 92% local components, thus reducing the dependency on imported material.

POLITICAL/ECONOMICAL RISK**Risk Description:**

The fiscal deficit of the country, political instability and the deteriorating law and order situation may adversely impact the performance of the Company.

Mitigating Strategy

Agriculture is said to be the backbone of Pakistan's economy. The Company has been in business for over thirty year and has established itself as one of the leading tractor manufacturer in the country. The Company has 85 dealers across the country. The Company seeks to increase its customer base and has diversified in the manufacture and sale of implements, sale of lubricants and generators. Moreover, export potential of company's products is being evaluated to reduce dependency on a single market.

Compliance Risk

Risk Description:

Legal and Regulatory Risk

Mitigating Strategy

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

MATERIALITY APPROACH ADOPTED BY THE MANAGEMENT

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

Powers of the Board of Directors and the Management of the Company have been defined with special reference to, and in compliance with the Companies act, 2017, the Code of Corporate Governance, the Articles of Association of the Company, 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.

SWOT ANALYSIS

STRENGTHS

- The Company has established itself as one of the leading tractor manufacturers in the country. Our most enduring competitive edge is the quality of our tractors. AGTL has over the years supplied 400,000+ tractors. Almost all are farm worthy and kept mobile through AGTL's dealer network providing after sales support. We are the lowest cost producer of a quality product.
- The Company has a strong financial base with no debts and no bank borrowings.
- The Company has a strong dealer network in every nook and cranny of the country.

OPPORTUNITIES

- Pakistan needs around one million tractors more if the ratio of one tractor-to-fifty acres is to be attained - the international standard is one tractor-to-twenty five acres and even lesser in the first world countries. The opportunities therefore are galore. It is the government that needs to lead in the pursuit of prioritizing Pakistan's agrarian economy.
- Relaunch of tractor lubricant, Al-Ghazi Premium Oil. The oil is specifically blended to maximize the performance of AGTL tractors and has a huge market potential in terms of refill of the 400,000+ tractors in the fields.

WEAKNESSES

- Reliance on sales of low Hp Tractors.
- Dull presence of Company's product in Central Punjab region.

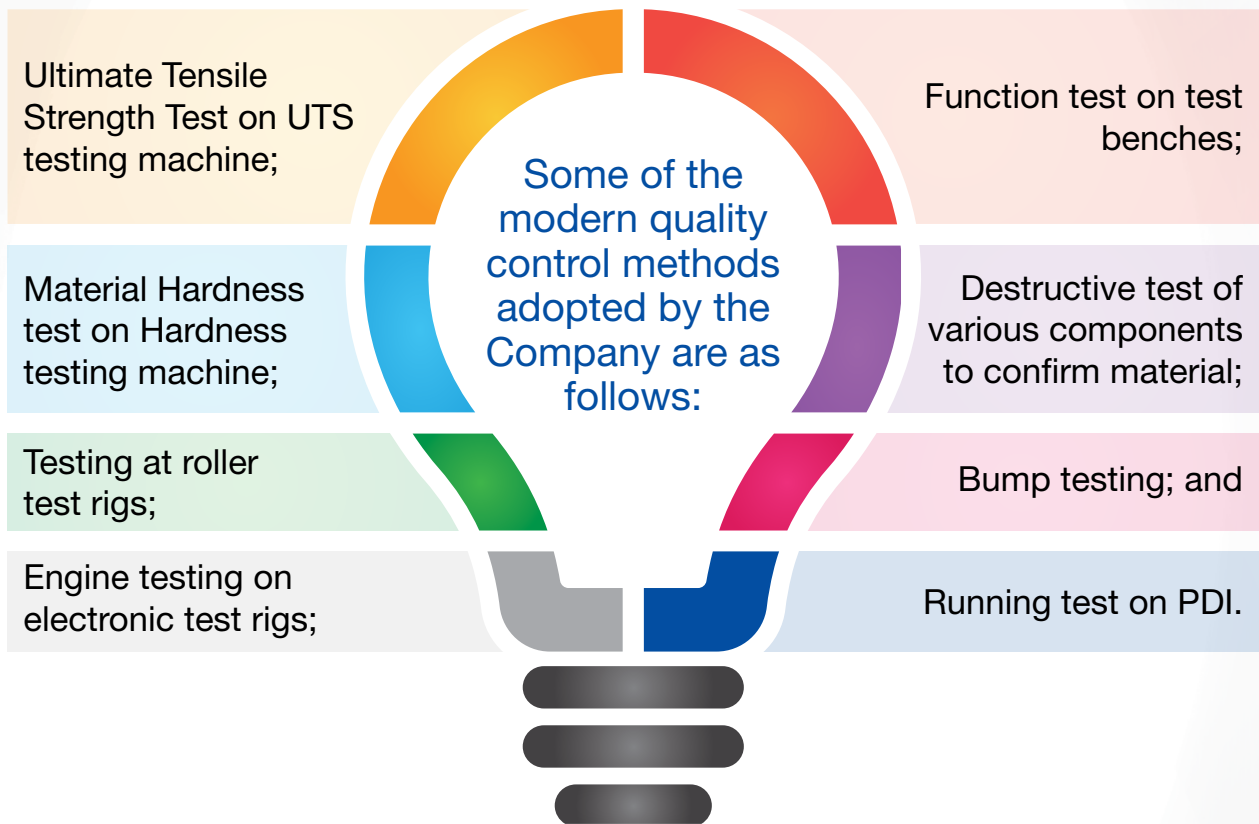
THREATS

- Challenges being faced by the economy, current account deficit, power outages, paramount political and geo-strategic issues.
- Sharp increases in costs of inputs; withdrawal of subsidies especially on electricity, gas etc.
- Inconsistent government policies.
- Import of used tractors will adversely affect the local industry and part manufacturers.

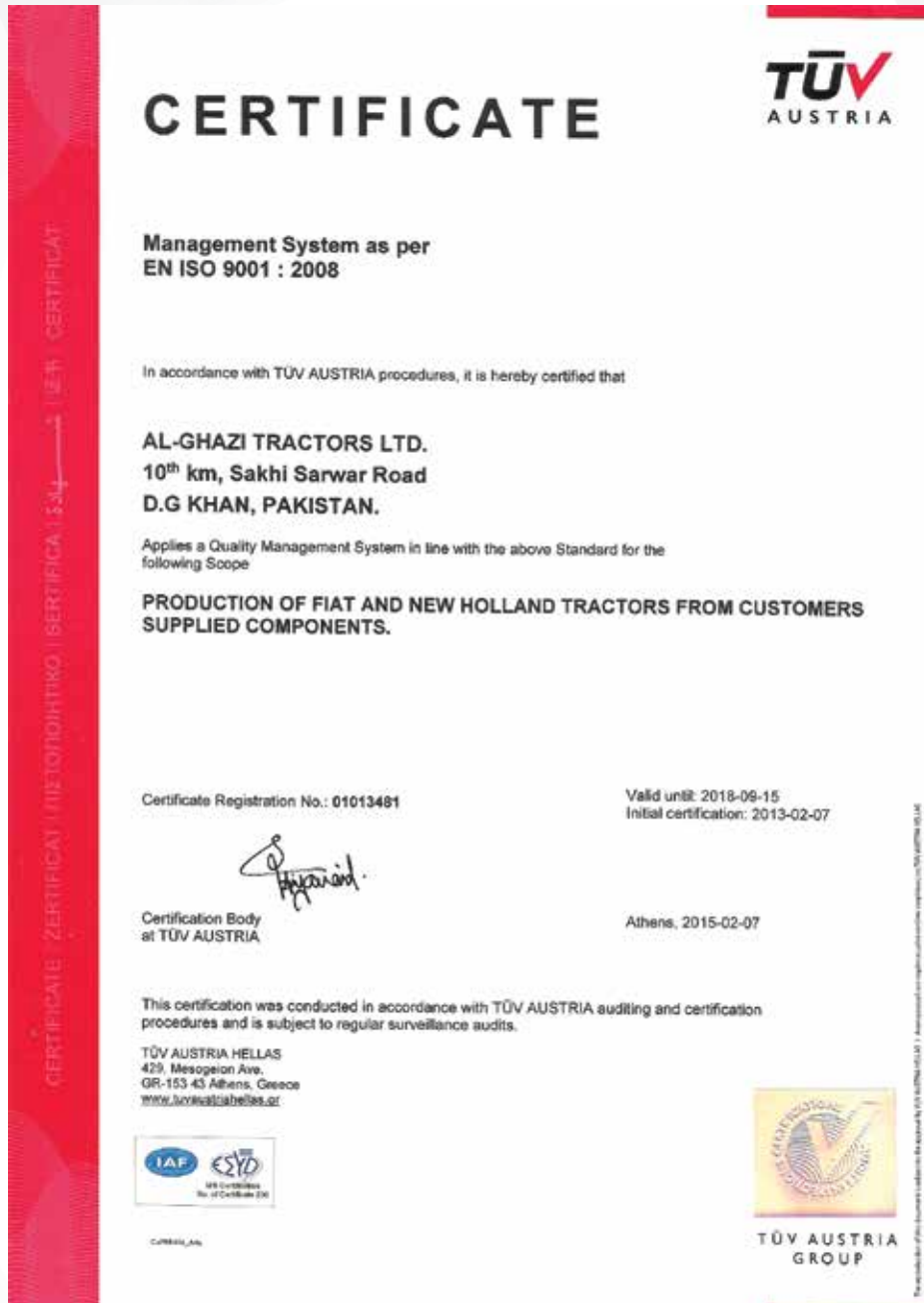


QUALITY ASSURANCE

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 a plan to invest 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.



Every year the Company is audited for upkeep of its activities. Documentation is a pre-requisite for this certification. ISO certification is now valid up to 2018.

CORPORATE SUSTAINABILITY

CORPORATE SOCIAL RESPONSIBILITY

AGTL's 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

AGTL, with its plant located in Dera Ghazi Khan is a perfect example of 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. Utility Stores Corporation has now opened a store in the staff town for residents of the staff town. 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.

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 technical college of Dera Ghazi Khan for development of local talent. During 2017, 12 scholarships were offered.

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 lights and installation of flow meters on burners to regulate fuel consumption.

RE-USE AND RE-CYCLING

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

- Under an agreement with suppliers, components rejected 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.

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 2016, over 350 plants were planted adding to 3000+

trees which have been planted over the years. All employees and visiting dignitaries are 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.

COMMUNITY INVESTMENT, DEVELOPMENT OF LOCAL TALENT AND INVESTMENT IN EDUCATION

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 Polytechnique Institute. Special programmes are launched to customize learning and development.
- 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 technical college of Dera Ghazi Khan for development of local talent.

- 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.
- Students of different Universities were given an opportunity to visit the plant and to obtain an insight of tractor manufacturing industry.
- Tractor festivals, free service programmes are held throughout the year to improve efficiency of resource utilization.
- We educate the farmer 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.



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 non-hazardous 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 one year 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.

NATIONAL CAUSE DONATIONS AND CONTRIBUTION TO NATIONAL EXCHEQUER

AGTL has contributed Rs. 977 million towards the national exchequer on account of government levies and taxes.

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, fire fighting, 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 childrens.

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.

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.





Financial Analysis

KEY OPERATING AND FINANCIAL DATA

	2017	2016	2015	2014	2013	2012
Quantitative Data						
Units:						
Sales	24423	16,206	13,385	12,416	14,071	25,456
Production	24091	16,005	13,584	13,014	14,055	23,820
Rupees in thousand						
Profitability						
Sales revenue	18,871,448	12,098,828	9,636,109	8,780,685	9,262,626	14,779,564
Gross profit	5,259,738	3,348,741	2,499,478	2,268,143	2,069,369	2,791,227
Investment income	108,055	125,039	424,444	435,143	378,450	513,137
Profit before taxation	4,585,013	2,877,525	2,392,046	2,251,937	2,023,294	2,872,795
Taxation	1,461,893	950,641	799,763	677,193	651,804	957,164
Profit after taxation	3,123,120	1,926,884	1,592,283	1,574,744	1,371,490	1,915,631
Earnings before investment income, tax and depreciation (EBITDA)	4,536,000	2,810,598	2,013,749	1,859,004	1,683,845	2,396,532
Manpower Cost - Direct	336,868	266,848	224,434	183,387	204,828	209,657
Manpower Cost - Indirect	236,217	217,209	263,981	219,621	196,481	165,435
Total Manpower Cost	573,085	484,057	488,415	403,008	401,309	375,092
Financial position						
Fixed assets	714,732	649,897	612,208	466,751	404,433	373,481
Long-term investments		-	-	42,800	44,800	55,800
Other non-current assets	4,660	5,818	2,913	2,131	9,333	21,228
	719,392	655,715	615,121	511,682	458,566	450,509
Current assets	5,161,939	3,988,601	5,789,546	9,477,010	9,367,867	9,019,772
Current liabilities	3,670,255	1,202,327	549,079	1,349,292	1,537,894	1,474,583
Net working capital	1,491,684	2,786,274	5,240,467	8,127,718	7,829,973	7,545,189
Less: Non-current liabilities	85,260	82,520	67,008	87,905	69,580	69,385
Capital employed	2,125,816	3,359,469	5,788,580	8,551,495	8,218,959	7,926,313
Represented by:						
Share capital	289,821	289,821	289,821	289,821	214,682	214,682
Reserves	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Unappropriated profit	835,995	2,069,648	4,498,759	7,261,674	7,004,277	6,711,631
	2,125,816	3,359,469	5,788,580	8,551,495	8,218,959	7,926,313
CASH FLOWS						
Operating activities	3,827,376	3,239,509	619,833	1,078,632	1,175,686	2,121,542
Investing activities	10,187	986,817	3,702,394	(342,666)	522,032	31,665
Financial activities	(3,803,822)	(4,339,794)	(4,321,698)	(1,219,754)	(1,071,853)	(1,177,685)

ANALYSIS OF FINANCIAL RATIOS

	2017	2016	2015	2014	2013	2012
Profitability Ratios						
Gross profit ratio	27.87%	27.68%	25.94%	25.83%	22.34%	18.89%
Pre-tax profit ratio	24.30%	23.78%	24.82%	25.65%	21.84%	19.44%
Net profit to Sales	16.55%	15.93%	16.52%	17.93%	14.81%	12.96%
EBITDA margin to sales	24.04%	23.23%	20.90%	21.17%	18.18%	16.22%
Operating Leverage ratio	1.10	1.55	0.85	-2.00	0.80	1.16
Return on asset	53.10%	41.49%	24.86%	15.77%	13.96%	20.23%
Return on Equity / Capital employed	146.91%	57.36%	27.51%	18.41%	16.69%	24.17%
Liquidity Ratios						
Current Ratio	1.41	3.32	10.54	7.02	6.09	6.12
Quick Ratio	0.78	2.15	6.61	5.42	4.99	5.07
Cash to current liabilities	0.37	1.10	4.24	2.91	1.50	2.57
Cashflow from operations to sales	20.28%	26.78%	6.43%	12.28%	12.69%	14.35%
Activity / Turnover Ratios						
Inventory turnover ratio	7.37	4.97	3.30	3.38	4.45	5.61
Debtors turnover ratio	129	79	464	98	34	74
Creditors turnover ratio	22	18	11	6	7	14
Fixed assets turnover ratio	26.40	18.62	15.74	18.81	22.90	39.57
Total assets turnover ratio	3.21	2.61	1.50	0.88	0.94	1.56
Operating Cycle						
No. of days in inventory	50	73	110	108	82	65
No. of days in receivables	3	5	1	4	11	5
No. of days in payables	17	20	34	58	49	25
Operating Cycle	36	58	78	54	44	45
Investment / Market ratios						
Pre-Tax Earning per share (Basic and diluted) - Rs	79.10	49.64	41.27	38.85	47.12	66.91
Post -Tax Earning per share (Basic and diluted) - Rs	53.88	33.24	27.47	27.17	31.94	44.62
Price earnings ratio	11.41	17.15	15.03	13.51	6.65	5.34
Dividend yield ratio	14.24%	13.16%	20.58%	6.81%	11.77%	9.44%
Dividend ratio	7.02	7.60	4.86	14.68	8.50	10.59
Dividend payout ratio	162.40%	225.61%	309.43%	92.02%	83.74%	50.43%
Dividend cover	0.62	0.44	0.32	1.09	1.19	1.98
Dividend per share						
- Cash	87.50	62.50	85.00	25.00	25.00	22.50
- Bonus	-	-	-	0.35	-	-
Dividend payout - Rs ' 000	5,071,868	4,347,315	4,926,957	1,449,105	1,073,410	966,069
Cash dividend - %	1750%	1500%	1700%	500%	500%	450%
Bonus Dividend - Rs' 000		-	-	-	75,139	-
Market value per share - Rs						
- Closing	614.55	570.00	413.00	367.02	212.43	238.38
- High	784.04	718.89	564.00	464.24	246.70	255.00
- Low	525.00	378.78	295.00	195.00	193.89	169.89
Market capitalisation - Rs Million	35,622	33,041	23,940	21,275	9,121	10,235
Breakup value per share - Rs	36.67	57.96	99.86	147.53	191.42	184.61

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 favourable to the Company have led to increase in share price, whilst decisions to the contrary have negatively impacted share price.

PLANT OPERATIONS

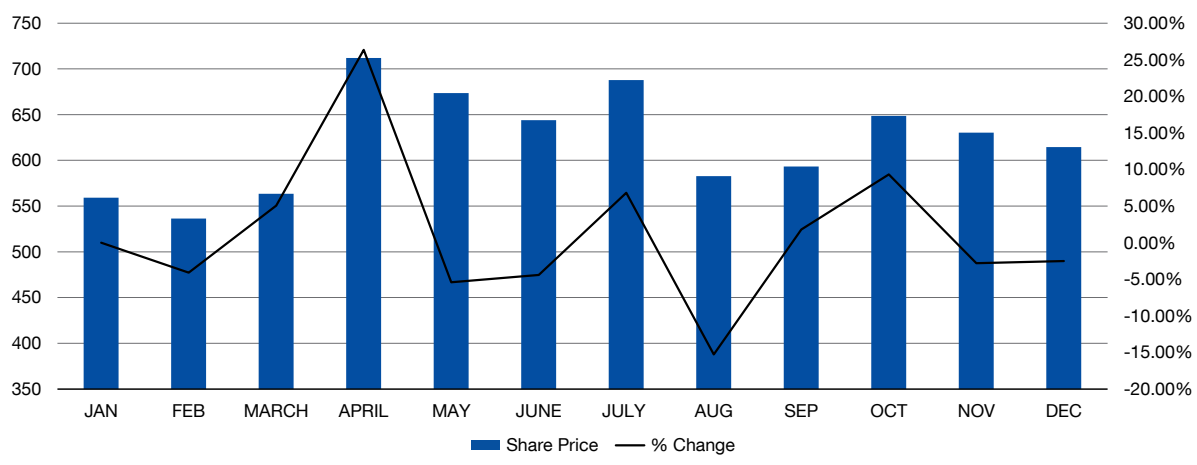
Stability of plant operations is of paramount importance. Stable plant operations allow for higher production and add to the profitability of the Company which can positively affect the share price.

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



PERFORMANCE ANALYSIS

ANALYSIS OF PROFIT AND LOSS

SALES REVENUE

The Company posted an impressive turnover growth of 56% as compared last year. The Company sold 24,423 tractors during the year under review as compared to 16,206 units sold in the previous year. This was mainly on account of improved farmer's economic health, recognition of Company's quality initiatives, continued product improvements and innovative marketing strategies adopted by the Company.

GROSS PROFIT

Company has managed to improve its GP% to 27.9% from 27.7% in year 2016. This performance is attributable to appreciable response from customer to improved product quality coupled with additional sales volume and effective cost management.

A significant increase of 9% in GP% from year 2012 is a proof company's strength and profitability.

DISTRIBUTION AND ADMINISTRATIVE EXPENSES

The Company keeps a tight control on its overheads. The distribution cost has increased by 16.12% Cumulative Annual Growth Rate (CAGR) since 2012, whereas administrative expenses have increased by 8.82% CAGR.

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. Which ultimately resulted in reduced investments in the financial market.

PROFITABILITY

The Company's profitability varies in line with the sales revenue and gross profit. The profit after tax stood at Rs. 3.1 billion in 2017 increase of 62% compared to the previous year. As a result NP% also witnessed an increased from 15.93 % in 2016 to 16.55 % in 2017.

ANALYSIS OF FINANCIAL POSITION

EQUITY AND RESERVES

Equity and reserves have decreased from Rs 3.3 billion in 2016 to Rs 2.1 billion. The decrease is attributable to extra ordinary dividend payouts amounting to Rs. 5 billion in the current year.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment have increased from Rs 650 million in 2016 to Rs 715 million. The increase is mainly attributable to capitalization of various assets and equipment acquired to improve the product quality.

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. Higher inventory as at December 2017 is due to increase in forecasted sale of tractors in 2018.

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%. The increase is due to refunds claimed during the year and deferred input tax claimed amounting to Rs. 1.21 billion and Rs. 0.13 billion respectively, which is partially offset by payments received against RPOs amounting to Rs. 0.94 billion.

INVESTMENTS, CASH AND BANK BALANCES

Investments, cash and bank balances are a witness to the consistent profitability of the Company.

Cash and investment reserves are Rs. 1.3 billion in 2017 as compared to Rs. 3.8 billion in 2012. This decrease is due to dividend payout of Rs 17.8 billion since 2012.

ANALYSIS OF 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. The Company has generated Rs. 12 billion from operations since December 2012.

Cash used in investing activities represent cash usage on account of fixed capital expenditure and investments.

Cash outflow from financing activities has increased over the years due to increase in dividend payments. Rs. 3.8 billion was paid as dividend in the year 2017 as compared to Rs 0.97 billion in 2012.

ANALYSIS OF RATIOS

PROFITABILITY RATIOS

The Company's sound business performance is depicted through favorable profitability ratios over the years. The Increase in Return on Equity as compared to last year is mainly due to decrease in reserves as a result high dividend payouts and increase profit after tax on the back of additional sales volume and effective cost management.

LIQUIDITY AND TURNOVER RATIOS

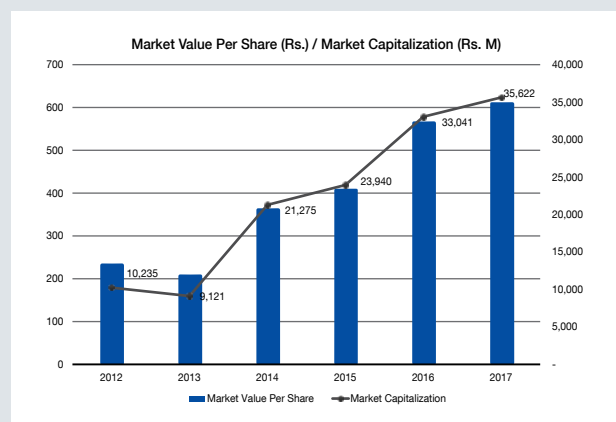
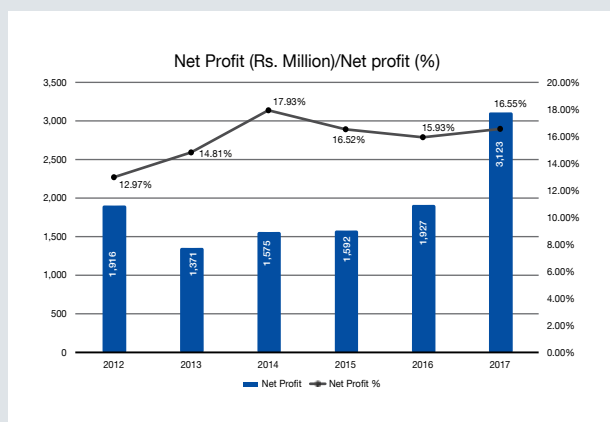
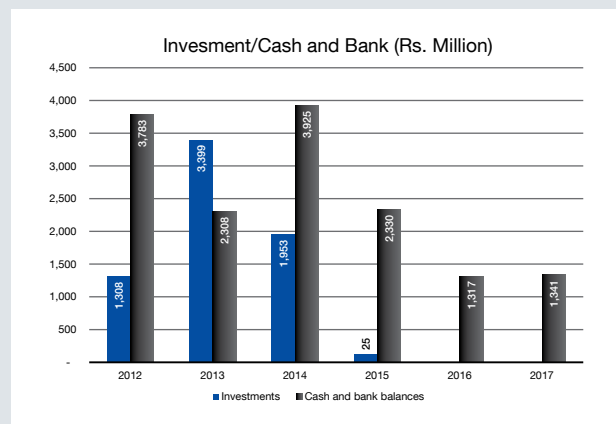
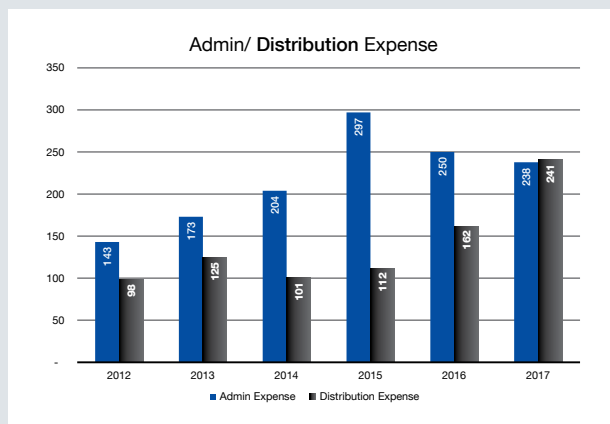
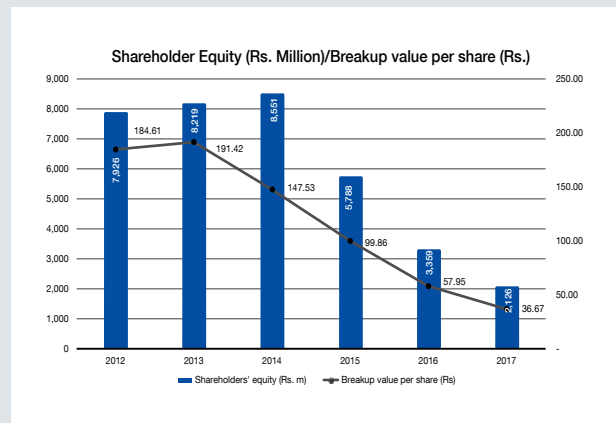
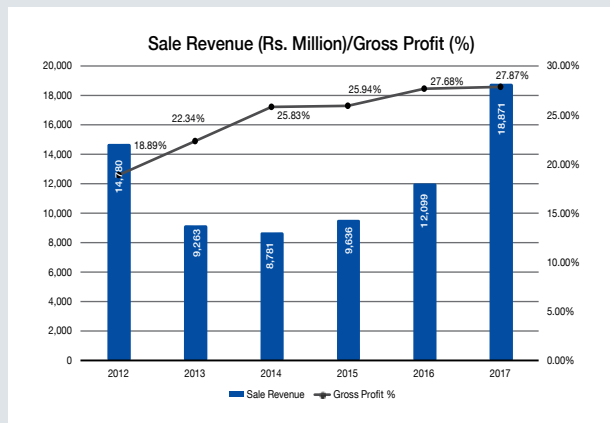
The Company being debt free, has reported favorable liquidity ratios.

Operating cycle has improved to 36 days in 2017 as compared to 58 days last year as a result of tighten credit policy and better inventory planning.

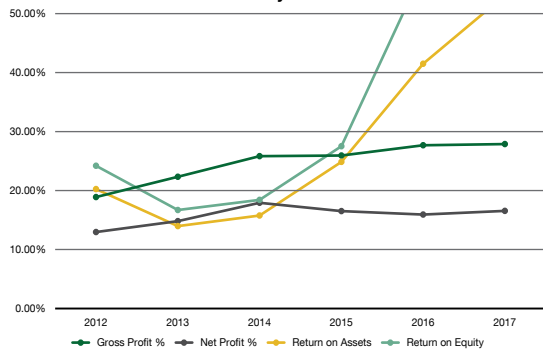
MARKET RATIOS

Due to increase profitability EPS have increased significantly from last year. Backed on its financial strength, business indicators and rich dividend payouts, the five rupee share of the Company hit an all-time high of Rs 784.04 in June 2017. Market capitalization increased from Rs 10.2 billion in 2012 to Rs 35.6 billion in 2017. AGTL has continuously maintained a dividend yield beyond the market norms in order to compensate its shareholders handsomely.

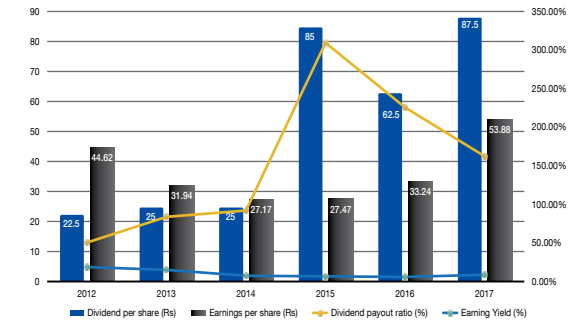
GRAPHICAL PRESENTATION



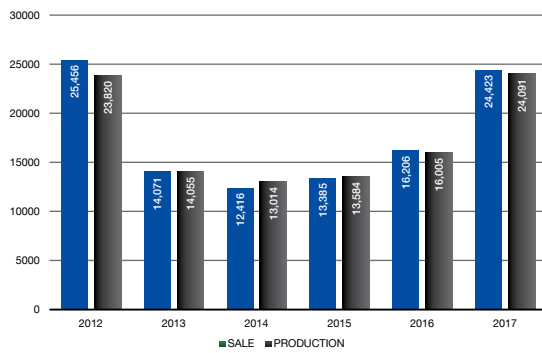
Profitability and Return



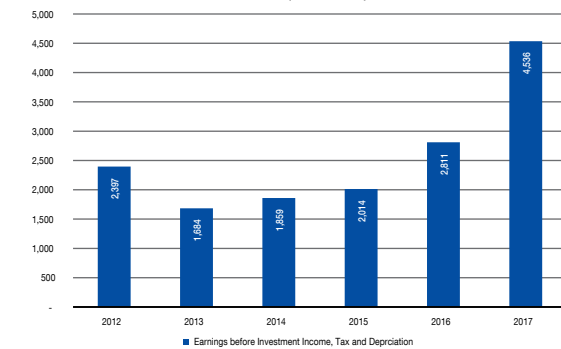
Earning and Distribution



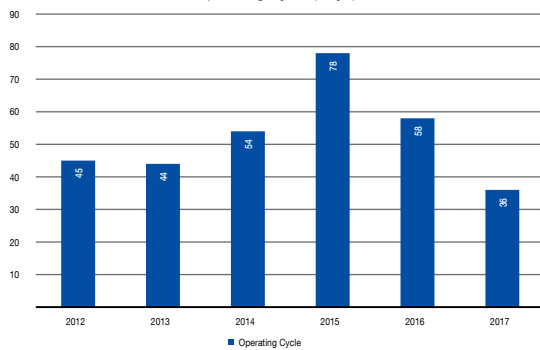
Sales and Production Units



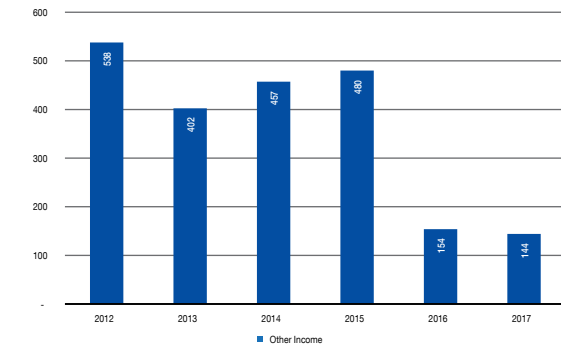
EBITDA (Rs. Million)



Operating Cycle (Days)



Other Income (Rs. Million)



HORIZONTAL ANALYSIS

Rupees in thousand	2017	2016	2015	2014	2013	2012
BALANCE SHEET						
Fixed assets	714,732	649,897	612,208	466,751	404,433	373,481
Long-term investments		-	-	42,800	44,800	55,800
Long-term loans and deposits	4,660	5,818	2,913	2,131	9,333	21,228
Stores and spares	37,219	18,731	34,340	35,962	15,649	21,119
Stock-in-trade	2,283,945	1,408,886	2,115,034	2,160,349	1,693,249	1,543,151
Trade debts	12,023	279,759	27,759	13,796	166,306	386,558
Loan and advances	201,688	94,042	62,048	78,796	73,393	75,894
Short-term deposits and prepayment	11,871	6,119	6,821	32,219	1,450	1,346
Accrued mark-up	947	4,307	61,114	33,986	3,525	192,312
Other receivables	11,972	40,849	38,411	6,149	11,457	13,734
Taxation	40,075	-	70,828	-	30,669	113,428
Refunds due from the Government	1,221,688	819,138	1,017,953	1,281,074	1,709,416	1,637,869
Investments	-	-	25,000	1,909,970	3,354,256	1,251,729
Cash and bank balances	1,340,511	1,316,770	2,330,238	3,924,709	2,308,497	3,782,632
Total assets	5,881,331	4,644,316	6,404,667	9,988,692	9,826,433	9,470,281
Current liabilities	3,670,255	1,202,327	549,079	1,349,292	1,537,894	1,474,583
Non-current liabilities	85,260	82,520	67,008	87,905	69,580	69,385
Total liabilities	3,755,515	1,284,847	616,087	1,437,197	1,607,474	1,543,968
Capital employed	2,125,816	3,359,469	5,788,580	8,551,495	8,218,959	7,926,313
Share capital	289,821	289,821	289,821	289,821	214,682	214,682
Reserves	1,835,995	3,069,648	5,498,759	8,261,674	8,004,277	7,711,631
Capital employed	2,125,816	3,359,469	5,788,580	8,551,495	8,218,959	7,926,313
PROFIT AND LOSS ACCOUNT						
Sales	18,871,448	12,098,828	9,636,109	8,780,685	9,262,626	14,779,564
Cost of goods sold	13,611,710	8,750,087	7,136,631	6,512,542	7,193,257	11,988,337
Gross profit	5,259,738	3,348,741	2,499,478	2,268,143	2,069,369	2,791,227
Distribution cost	240,830	162,088	111,907	101,463	125,208	98,235
Administrative expenses	237,798	250,336	297,194	203,668	172,773	143,234
	4,781,110	2,936,317	2,090,377	1,963,012	1,771,388	2,549,758
Other income	144,076	153,929	480,052	457,194	402,283	537,742
Other operating expenses	339,244	211,703	177,283	166,900	149,981	212,980
	4,585,942	2,878,543	2,393,146	2,253,306	2,023,690	2,874,520
Finance cost	929	1,018	1,100	1,369	396	1,725
Profit before taxation	4,585,013	2,877,525	2,392,046	2,251,937	2,023,294	2,872,795
Taxation	1,461,893	950,641	799,763	677,193	651,804	957,164
Profit after taxation	3,123,120	1,926,884	1,592,283	1,574,744	1,371,490	1,915,631

HORIZONTAL ANALYSIS

Increase / (decrease) from preceding year in Rs thousand	2017	2016	2015	2014	2013	2012
BALANCE SHEET						
Fixed assets	64,835	37,689	145,457	62,318	30,952	186
Long-term investments	-	-	(42,800)	(2,000)	(11,000)	(18,200)
Long-term loans and deposits	(1,158)	2,905	782	(7,202)	(11,895)	(11,220)
Stores and spares	18,488	(15,609)	(1,622)	20,313	(5,470)	2,094
Stock-in-trade	875,059	(706,148)	(45,315)	467,100	150,098	(1,188,244)
Trade debts	(267,736)	252,000	13,963	(152,510)	(220,252)	372,219
Loan and advances	107,646	31,994	(16,748)	5,403	(2,501)	28,645
Short-term deposits and prepayment	5,752	(702)	(25,398)	30,769	104	(3,256)
Accrued mark-up	(3,360)	(56,807)	27,128	30,461	(188,787)	(21,691)
Other receivables	(28,877)	2,438	32,262	(5,308)	(2,277)	(8,409)
Taxation	40,075	(70,828)	70,828	(30,669)	(82,759)	(419,386)
Refunds due from the Government	402,550	(198,815)	(263,121)	(428,342)	71,547	709,194
Investments	-	(25,000)	(1,884,970)	(1,444,286)	2,102,527	167,280
Cash and bank balances	23,741	(1,013,468)	(1,594,471)	1,616,212	(1,474,135)	1,305,522
Total assets	1,237,015	(1,760,351)	(3,584,025)	162,259	356,152	914,734
Current liabilities	2,467,928	653,248	(800,213)	(188,602)	63,311	(242,780)
Non-current liabilities	2,740	15,512	(20,897)	18,325	195	(2,525)
Total liabilities	2,470,668	668,760	(821,110)	(170,277)	63,506	(245,305)
Capital employed	(1,233,653)	(2,429,111)	(2,762,915)	332,536	292,646	1,160,039
Share capital	-	-	-	75,139	-	-
Reserves	(1,233,653)	(2,429,111)	(2,762,915)	257,397	292,646	1,160,039
Capital employed	(1,233,653)	(2,429,111)	(2,762,915)	332,536	292,646	1,160,039
PROFIT AND LOSS ACCOUNT						
Sales	6,772,620	2,462,719	855,424	(481,941)	(5,516,938)	4,665,992
Cost of goods sold	4,861,623	1,613,456	624,089	(680,715)	(4,795,080)	3,747,721
Gross profit	1,910,997	849,263	231,335	198,774	(721,858)	918,271
Distribution cost	78,742	50,181	10,444	(23,745)	26,973	15,761
Administrative expenses	(12,538)	(46,858)	93,526	30,895	29,539	9,989
	1,844,793	845,940	127,365	191,624	(778,370)	892,521
Other income	(9,853)	(326,123)	22,858	54,911	(135,459)	(22,705)
Other operating expenses	127,541	34,420	10,383	16,919	(62,999)	60,106
	1,707,399	485,397	139,840	229,616	(850,830)	809,710
Finance cost	(89)	(82)	(269)	973	(1,329)	(410)
Profit before taxation	1,707,488	485,479	140,109	228,643	(849,501)	810,120
Taxation	511,252	150,878	122,570	25,389	(305,360)	253,369
Profit after taxation	1,196,236	334,601	17,539	203,254	(544,141)	556,751

VERTICAL ANALYSIS

Rupees in thousand	2017	2017	2016	2016	2015	2015
		%		%		%
BALANCE SHEET						
Fixed assets	714,732	33.62%	649,897	19.35%	612,208	10.58%
Long-term investment	-	-	-	-	-	-
Long-term loans and deposits	4,660	0.22%	5,818	0.17%	2,913	0.05%
Stores and spares	37,219	1.75%	18,731	0.56%	34,340	0.59%
Stock-in-trade	2,283,945	107.44%	1,408,886	41.94%	2,115,034	36.54%
Trade debts	12,023	0.57%	279,759	8.33%	27,759	0.48%
Loans and advances	201,688	9.49%	94,042	2.80%	62,048	1.07%
Short-term deposits and prepayments	11,871	0.56%	6,119	0.18%	6,821	0.12%
Accrued mark-up	947	0.04%	4,307	0.13%	61,114	1.06%
Other receivables	11,972	0.56%	40,849	1.22%	38,411	0.66%
Taxation	40,075	1.89%	-	0.00%	70,828	1.22%
Refunds due from the Government	1,221,688	57.47%	819,138	24.38%	1,017,953	17.59%
Investments	-	0.00%	-	0.00%	25,000	0.43%
Cash and bank balances	1,340,511	63.06%	1,316,770	39.20%	2,330,238	40.26%
Total assets	5,881,331	276.66%	4,644,316	138.25%	6,404,667	110.64%
Current liabilities	3,670,255	172.65%	1,202,327	35.79%	549,079	9.49%
Non-current liabilities	85,260	4.01%	82,520	2.46%	67,008	1.16%
Total liabilities	3,755,515	176.66%	1,284,847	38.25%	616,087	10.64%
Capital employed	2,125,816	100.00%	3,359,469	100.00%	5,788,580	100.00%
Share capital	289,821	13.63%	289,821	8.63%	289,821	5.01%
Reserves	1,835,995	86.37%	3,069,648	91.37%	5,498,759	94.99%
Capital employed	2,125,816	100.00%	3,359,469	100.00%	5,788,580	100.00%
PROFIT AND LOSS ACCOUNT						
Sales	18,871,448	100.00%	12,098,828	100.00%	9,636,109	100.00%
Cost of goods sold	13,611,710	72.13%	8,750,087	72.32%	7,136,631	74.06%
Gross profit	5,259,738	27.87%	3,348,741	27.68%	2,499,478	25.94%
Distribution cost	240,830	1.28%	162,088	1.34%	111,907	1.16%
Administrative expenses	237,798	1.26%	250,336	2.07%	297,194	3.08%
	4,781,110	25.34%	2,936,317	24.27%	2,090,377	21.69%
Other income	144,076	0.76%	153,929	1.27%	480,052	4.98%
Other operating expenses	339,244	1.80%	211,703	1.75%	177,283	1.84%
	4,585,942	24.30%	2,878,543	23.79%	2,393,146	24.84%
Finance cost	929	0.00%	1,018	0.01%	1,100	0.01%
Profit before taxation	4,585,013	24.30%	2,877,525	23.78%	2,392,046	24.82%
Taxation	1,461,893	7.75%	950,641	7.86%	799,763	7.72%
Profit after taxation	3,123,120	16.55%	1,926,884	15.93%	1,592,283	16.52%

VERTICAL ANALYSIS

Rupees in thousand	2014	2014	2013	2013	2012	2012
		%		%		%
BALANCE SHEET						
Fixed assets	466,751	5.46%	404,433	4.92%	373,481	4.71%
Long-term investment	42,800	0.50%	44,800	0.55%	55,800	0.70%
Long-term loans and deposits	2,131	0.02%	9,333	0.11%	21,228	0.27%
Stores and spares	35,962	0.42%	15,649	0.19%	21,119	0.27%
Stock-in-trade	2,160,349	25.26%	1,693,249	20.60%	1,543,151	19.47%
Trade debts	13,796	0.16%	166,306	2.02%	386,558	4.88%
Loans and advances	78,796	0.92%	73,393	0.89%	75,894	0.96%
Short-term deposits and prepayments	32,219	0.38%	1,450	0.02%	1,346	0.02%
Accrued mark-up	33,986	0.40%	3,525	0.04%	192,312	2.43%
Other receivables	6,149	0.07%	11,457	0.14%	13,734	0.17%
Taxation	-	0.00%	30,669	0.37%	113,428	1.43%
Refunds due from the Government	1,281,074	14.98%	1,709,416	20.80%	1,637,869	20.66%
Investments	1,909,970	22.33%	3,354,256	40.81%	1,251,729	15.79%
Cash and bank balances	3,924,709	45.90%	2,308,497	28.09%	3,782,632	47.72%
Total assets	9,988,692	116.81%	9,826,433	119.56%	9,470,281	119.48%
Current liabilities	1,349,292	15.78%	1,537,894	18.71%	1,474,583	18.60%
Non-current liabilities	87,905	1.03%	69,580	0.85%	69,385	0.88%
Total liabilities	1,437,197	16.81%	1,607,474	19.56%	1,543,968	19.48%
Capital employed	8,551,495	100.00%	8,218,959	100.00%	7,926,313	100.00%
Share capital	289,821	3.39%	214,682	2.61%	214,682	2.71%
Reserves	8,261,674	96.61%	8,004,277	97.39%	7,711,631	97.29%
Capital employed	8,551,495	100.00%	8,218,959	100.00%	7,926,313	100.00%
PROFIT AND LOSS ACCOUNT						
Sales	8,780,685	100.00%	9,262,626	100.00%	14,779,564	100.00%
Cost of goods sold	6,512,542	74.17%	7,193,257	77.66%	11,988,337	81.11%
Gross profit	2,268,143	25.83%	2,069,369	22.34%	2,791,227	18.89%
Distribution cost	101,463	1.16%	125,208	1.35%	98,235	0.66%
Administrative expenses	203,668	2.32%	172,773	1.87%	143,234	0.97%
	1,963,012	22.36%	1,771,388	19.12%	2,549,758	17.25%
Other income	457,194	5.21%	402,283	4.34%	537,742	3.64%
Other operating expenses	166,900	1.90%	149,981	1.62%	212,980	1.44%
	2,253,306	25.66%	2,023,690	21.85%	2,874,520	19.45%
Finance cost	1,369	0.02%	396	0.00%	1,725	0.01%
Profit before taxation	2,251,937	25.65%	2,023,294	21.84%	2,872,795	19.44%
Taxation	677,193	7.71%	651,804	7.04%	957,164	6.48%
Profit after taxation	1,574,744	17.93%	1,371,490	14.81%	1,915,631	12.96%

QUARTERLY ANALYSIS

(IN RS '000)	1 ST QUARTER	2 ND QUARTER	3 RD QUARTER	4 TH QUARTER	ANNUAL
Sales	4,964,031	4,553,786	4,406,114	4,947,517	18,871,448
Gross profit	1,496,598	1,281,262	1,162,899	1,318,979	5,259,738
Other Income	34,149	43,944	25,268	40,715	144,076
Profit before tax	1,313,845	1,107,943	991,843	1,171,382	4,585,013
Profit after tax	919,578	674,644	693,625	835,273	3,123,120
Gross Profit %	30.15%	28.14%	26.39%	26.66%	27.87%
Net Profit %	18.52%	14.82%	15.74%	16.88%	16.55%

ANALYSIS OF VARIATION IN RESULTS REPORTED IN INTERIM FINANCIAL STATEMENTS WITH THE FINAL ACCOUNTS

QUARTER	PRODUCTION	SALES	GP MARGIN*	NP MARGIN*
1	5846 (TRACTORS)	6,455 (TRACTORS)	30.15%	18.52%

The Company has had a tremendous start of the first quarter 2017 with sales of 6,455 tractors compared with 3,927 delivered during same period last year. Company's sales volume took an upturn mainly on account of improved farmer's economic health, recognition of Company's quality initiatives and launch of new model Dabung. The Company managed to earn a Gross Profit of 30.1% compared with 26.8% of same period last year on the back of additional sales volume and effective cost management. With resilient good management practices and good governance which are central to AGTL's approach to business, the company earned a record high post-tax profit of Rs. 919.5 million, an increase of 97% over the same period last year. This translated into record high first quarter EPS of Rs 15.86 per share.

During the quarter the company signed a corporate partnership agreement with Meezan Bank Limited and Karandaaz Pakistan. This initiative will offer fast track financing solution to Company's small and medium size vendors and facilitate the vendor industry towards capacity enhancement and quality improvement.

QUARTER	PRODUCTION	SALES	GP MARGIN*	NP MARGIN*
2	5908 (TRACTORS)	5,907 (TRACTORS)	28.14%	14.82%

The momentum of growth in tractor sales continued during the second quarter of the reporting year. This is mainly in response to healthy earnings of farmer community comparatively. Also continued product improvements and innovative marketing strategies adopted by the Company played a key role towards improved sales. 5,907 tractors were delivered by the company during the second quarter of 2017, compared with 4,808 delivered during the same period last year, translating into a mammoth growth of

42% for the first half. Backed on effective cost discipline, the Company earned a stellar Gross Profit of 29.2% and record high profit after tax of Rs 1.6 billion as compared to Rs 985 million earned in the comparable period last year. However NP % witnessed a decrease mainly on account of super tax.

During the quarter AGTL successfully negotiated and renewed its Industrial Collaboration Agreement with CNH Industrial Italia S.p.A (CNHI), the number One manufacturer of agricultural tractors in the world, to assemble and sell "NEW HOLLAND" CNHI tractors in Pakistan. The new agreement fortifies AGTL's commitment to quality, technical development and support for the local industry and farming community and also allows rights of export to Afghanistan.

QUARTER	PRODUCTION	SALES	GP MARGIN*	NP MARGIN*
3	5674 (TRACTORS)	5,672 (TRACTORS)	26.39%	15.74%

The Company continued on its growth trail during the third quarter of 2017. A record high 5,672 tractors were sold during the third quarter of the year 2017, compared with 2,426 sold in the same period last year i.e. growth of 134%. Backed on such stellar sales volume, the Company earned a post-tax profit of Rs. 693.6 million during the third quarter, accumulating to a record high post-tax profit of Rs. 2.3 billion for the nine months as compared to Rs 1.3 billion earned during same period last year.

With constant attention on quality and product improvement, the Company successfully launched a limited edition model with additional features and facilities in line with the market expectations.

QUARTER	PRODUCTION	SALES	GP MARGIN*	NP MARGIN*
4	6663 (TRACTORS)	6,389 (TRACTORS)	26.66%	16.88%

The growth in sales continued during the last quarter as the company managed to sell 6,389 tractors in the last quarter as compare to 5,045 tractor in same period last year.

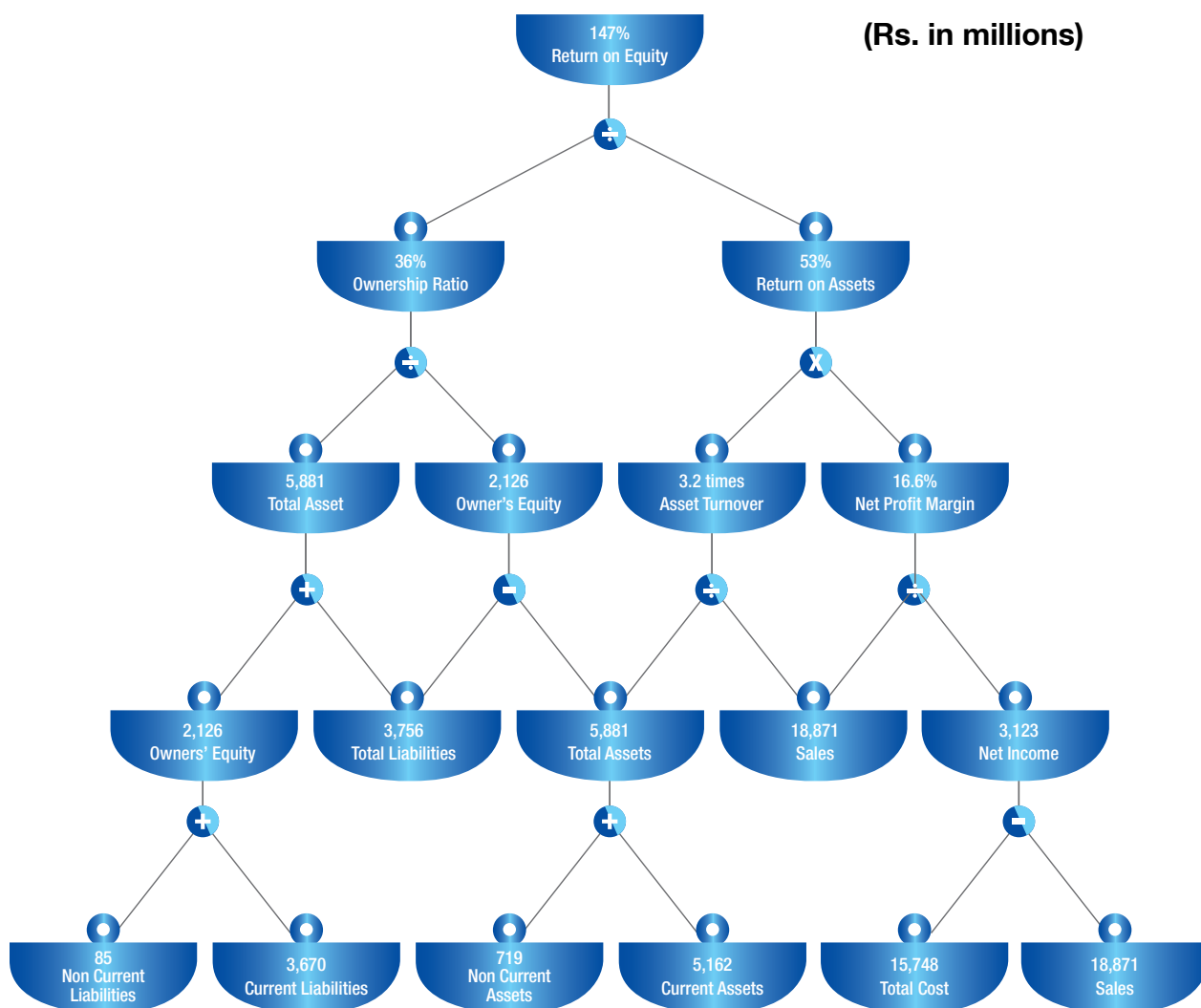
The company ended the year with accumulated sale of 24,423 tractors as compared to 16,206 tractors sold in the year 2016. Consequently, the Company's revenue increased by 51% to Rs 18.87 billion. Lean management and rigorous cost discipline assisting in maintaining a remarkable gross profit. The Company managed to increase profit after tax by 63% to Rs 3.12 billion on the back of additional sales volume and effective cost management.

With record high EPS of Rs 53.88/share, the Company no doubt offers handsome returns to its shareholders. The Board of Directors in its meeting held in February 2018 has recommended a final cash dividend of 500% with a payout of Rs. 1449.1 million. This is in addition to the 1250% interim dividend already paid.

DUPONT ANALYSIS

Total assets increased by 27% driven by increase in stock in trade and refunds due from government at the end of the year, which resultantly decrease the ownership ratio to 36% and increase the return on assets to 53%. Sales revenue increased by 56% on account of improved farmer's economic health, continued

product improvements and innovative marketing strategies adopted by the Company which coupled with lower other operating income resulted in net margin of 16.6% compared to 16% earned in 2016. This resulted in 147% return on equity compared to 57% earned in 2016.

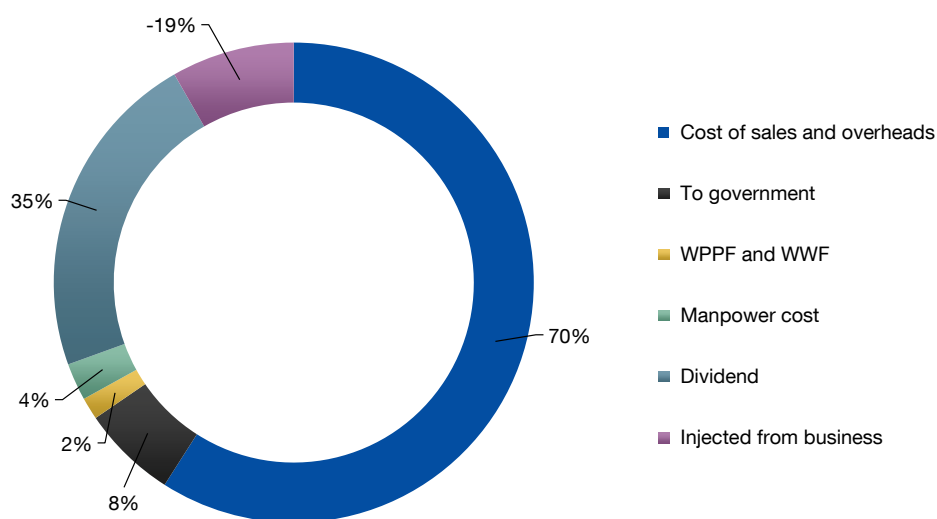


DIRECT CASH FLOW STATEMENT

Rupees in thousand	2017	2016
CASH FLOW FROM OPERATING ACTIVITIES		
Cash receipts from customers	20,961,541	11,883,942
Cash paid to suppliers / service providers and employees	(14,845,090)	(7,805,616)
Workers Funds	(252,031)	(211,703)
Income tax paid	(1,542,563)	(835,464)
Sales tax refund / (payment)	(402,550)	198,815
Retirement benefits	(2,134)	16,632
Loans, deposits and other operating income - net	(89,797)	(7,097)
	3,827,376	3,239,509
CASH FLOW FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(129,451)	(95,875)
Proceeds from disposal of fixed assets	17,078	2,910
Encashment of term deposits - net	10,000	900,000
Reurn on bank deposits	111,415	181,846
(Increase) / decrease in long-term loans	1,145	(2,064)
	10,187	986,817
CASHFLOW FROM FINANCING ACTIVITIES		
Dividend paid	(3,803,822)	(4,339,794)
Net (decrease) / increase in cash and cash equivalents	33,741	(113,468)
Cash and cash equivalents at the beginning of the year	1,306,770	1,420,238
Cash and cash equivalents at the end of the year	1,340,511	1,306,770

STATEMENT OF VALUE ADDITION

	2017		2016	
	Rs '000	%	Rs '000	%
Wealth Generated				
Sales	18,871,448	99%	12,098,828	99%
Other income	144,076	1%	153,929	1%
	19,015,524	100%	12,252,757	100%
Distribution of Wealth				
Cost of sales & overheads (excluding remuneration)	13,459,140	71%	8,621,724	70.37%
To employees as remuneration	573,085	3%	483,693	4%
To government as tax	1,461,893	8%	950,641	8%
WPPF and WWF	339,244	2%	211,703	2%
To shareholders as dividend	5,071,868	27%	4,347,315	35%
Cash (injected from) / Retained within the business	(1,889,706)	-10%	(2,362,319)	-19%
	19,015,524	100%	12,252,757	100%





Stakeholders Engagement

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.

Stakeholder	Stakeholder's expectation	Tools and interaction Channel
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 	<ul style="list-style-type: none"> ◆ Periodic and adhoc reporting
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 	<ul style="list-style-type: none"> ◆ Daily dialogue ◆ Employee lunches / dinners ◆ Discussions regarding appraisals and development path ◆ Inhouse magazine ◆ Easy access to top management ◆ Adherence to labour laws
Employees' families / Community Development	<ul style="list-style-type: none"> ◆ Indirect participation in corporate life 	<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, Utility Stores Corporation shop, community hall
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 	<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
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 	<ul style="list-style-type: none"> ◆ Market research ◆ Three-way communication through dealership, service centres and mechanical workshops
Suppliers	<ul style="list-style-type: none"> ◆ Continuity of supply ◆ Fulfillment of contractual obligation 	<ul style="list-style-type: none"> ◆ Daily relationship through Materials Management Department
Shareholders	<ul style="list-style-type: none"> ◆ Access to information ◆ Transparent and responsible management ◆ Value creation (return on investment, sustainability of business) 	<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.alghazित्रactors.com

AWARDS FOR THE YEAR 2017



BEST CORPORATE REPORT AWARD

Al Ghazi Tractors Ltd. was awarded 2nd position for “Best Corporate Report Award 2016” in the Engineering 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 award of the Best Managed Company from the Management Association of Pakistan.



NOTICE OF 35TH ANNUAL GENERAL MEETING

Notice is hereby given that the 35th Annual General Meeting of Al-Ghazi Tractors Limited will be held on Wednesday, April 25, 2018 at 14:30 hrs. at Marriott Hotel, Karachi 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 December 31, 2017.
2. To declare the final cash dividend, the directors have recommended a dividend of 500% i.e. Rs. 25 per share in addition to interim dividend already paid @ 1250% making a total dividend of 1750% i.e. Rs. 87.5 per share.
3. To appoint Auditors for the term ending at the conclusion of next annual general meeting and to fix their remuneration. The retiring Auditors M/s. A. F. Ferguson & Co. being eligible, have offered themselves for reappointment.

By Order of the Board



Muhammad Babar Khan
Company Secretary
Karachi, April 4, 2018



NOTES:

1. The share transfer books of the Company will remain closed from April 19, 2018 to April 25, 2018 (both days inclusive). Transfers received at our Share Registrar 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 April 18, 2018 will be treated in time for the purpose of entitlement of dividend to the transferees and to attend and vote at the meeting.
2. 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.
3. 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 in order to facilitate their identification. For CDC shareholders, the representatives of corporate bodies should bring 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.
4. 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.
5. Members who have not yet submitted copy of their Computerized National Identity Cards or NTN (in case of corporate entities), and in case of a foreigner, copy of Passport, are requested to send the same to the Share Registrar of the Company at the earliest. It may kindly be noted that in case of non-receipt of the copy of valid CNIC, passport or NTN, the Company would be constrained to

withhold dispatch of dividend warrants. Members whose shares are deposited in any sub-account or investor account with CDC should submit their CNICs or NTN, as the case may be, to CDC.

6. In accordance with Section 242 of the Companies Act, 2017 and SRO No.1145 (I)/2017 dated November 6, 2017, a listed company is required to pay cash dividend to the shareholders only through electronic mode directly into the bank account designated by the entitled shareholders. In compliance with the said law, in order to receive your dividends directly in your bank account, you are required to provide (if not already provided) the information mentioned on the related Electronic Credit Mandate Form placed on the Company's website and send the same to your brokers / CDC if the share are held in electronic form or to the Company's Shares Registrar if the shares are held in physical form.
7. Per the Income Tax Ordinance, 2001 different rates are prescribed for deduction of withholding tax on the amount of dividend paid by the company. These tax rates are as under:
 - For 'filers' of income tax returns: 15%
 - For 'non-filers' of income tax returns: 20%

In case of Joint account, each holder is to be treated individually as either a filer or non-filer and tax will be deducted on the basis of shareholding of each joint holder as may be notified by the shareholder. In this regard, shareholders are requested to provide shareholding proportions along-with CNIC Nos. of Principal shareholder and Joint shareholder(s) in respect of shares held by them (only if not already provided) in writing as follows by April 18, 2018 to the Company's share registrar. If no notification is received, each joint holder shall be assumed to have an equal number of shares.

Folio / CDS Account No.	Total Shares	Principal Shareholder		Joint Shareholder	
		Name & CNIC No	Shareholding proportion (No. of Shares)	Name & CNIC No	Shareholding proportion (No. of Shares)

To enable the company to make tax deduction on the amount of cash dividend, shareholders whose names are not entered into the Active Tax-payers List (ATL) provided on the website of FBR, despite the fact that they are filers, are advised to make sure that their names are entered into ATL, otherwise tax on their dividend will be deducted @ 20% instead @ 15%. Corporate shareholders are requested to send a copy of their NTN to the share registrar or their participant in case of CDC accounts.

8. SECP through its SRO 470(1)/2016, dated May 31, 2016, had allowed companies to circulate Annual Audited Accounts to its members through CD/DVD/USB at their registered addresses. In view of this, the Company has sent its 2017 annual report to its shareholders in form of CD. Any member requiring printed copy of 2017 annual report may send a request using the related standard request form placed on the Company's website.
9. 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.
10. The financial statements of the Company for the year ended December 31, 2017 along with reports have been placed on the website of the Company.

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 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 2,643 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%
Directors	1,050 shares	= 0.002%
Companies and corporations	733,086 shares	= 1.26%
Individual and others	3,214,981 shares	= 5.55%
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. 2.1 billion. 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 at Marriot Hotel, Karachi on April 25, 2018 at 14:30 hrs.

DIVIDEND PAYMENTS DURING THE YEAR

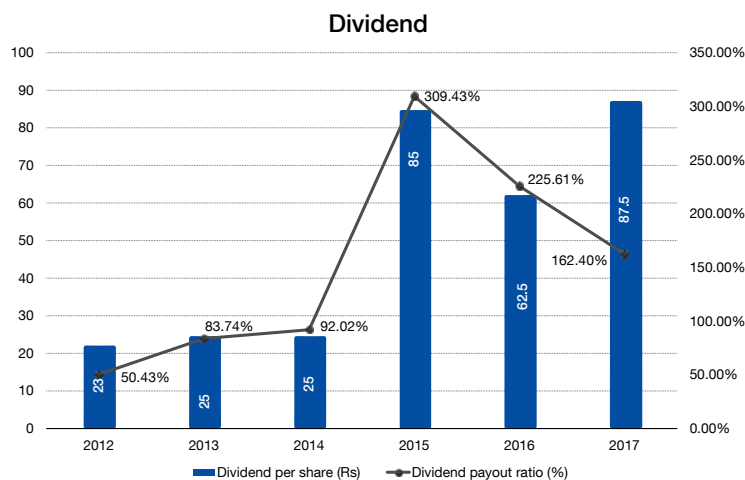
Final dividend for the year 2016 was paid on May 25, 2017 @Rs.12.5 per share i.e.250%.

1st Interim dividend for the year 2017 was paid on May 24, 2017 @Rs.12.5 per share i.e. 250%

2nd Interim dividend for the year 2017 was paid on September 20, 2017 @ Rs.25 per share i.e. 500%

3rd Interim dividend for the year 2017 was paid during December, 2017 @ Rs.25 per share i.e. 500%

The 2017 final dividend will be paid by stipulated time to shareholders registered in the books of the Company at the close of business on April 19, 2018. The Board of Directors have recommended final dividend of Rs. 25.00 per share. Thus making a total cash dividend of 1750% i.e. Rs. 87.5 per share for the year 2017



SHARE REGISTRAR

Share transfers and all other investor related matters are attended to and processed by our registrar FAMCO Associates (Pvt) Limited

FAMCO Associates (Pvt) Limited
8-F, Next to Hotel Faran, Nursery
Block 6, P.E.C.H.S
Shahrah-e-Faisal, Karachi
Tel: 92 21 32420755, 32427012, 32426597
Fax: 92 21 2475604
Timings: 8:30 am to 1:00 pm & 2:00 pm to 3:30 pm

INVESTOR RELATION'S CALENDAR

2017 Annual Financial Results	February 19, 2018
2017 Annual General Meeting	April 25, 2018
Book closure dates for 2017 Final Dividend	April 19, 2018 to April 25, 2018
Payment of Final Dividend	within 15 working days from April 25, 2018
2018 1st Quarterly Results	April 25, 2018
2018 2nd Quarterly Results	August 17, 2018
2018 3rd Quarterly Results	October 24, 2018
2018 Annual Financial Results	February 13, 2019

Dates are subject to change.

PATTERN OF SHAREHOLDING

AS AT DECEMBER 31, 2017

No. of Shareholder	Size of Shareholding Rs. 5 each		Total Shares Held
	From	To	
970	1	100 Shares	42,273
770	101	500 Shares	214,676
374	501	1000 Shares	291,212
407	1001	5000 Shares	884,585
58	5001	10000 Shares	437,888
22	10001	15000 Shares	293,780
11	15001	20000 Shares	183,060
7	20001	25000 Shares	160,568
3	25001	30000 Shares	82,250
3	30001	35000 Shares	98,149
5	40000	45000 Shares	211,215
6	50000	55000 Shares	304,924
1	65001	70000 Shares	68,290
1	75001	80000 Shares	78,600
1	100001	105000 Shares	100,785
1	165001	170000 Shares	166,362
1	330001	335000 Shares	330,500
1	25020001	25025000 Shares	25,022,379
1	28990001	28995000 Shares	28,992,705
2,643			57,964,201

Categories of Shareholders

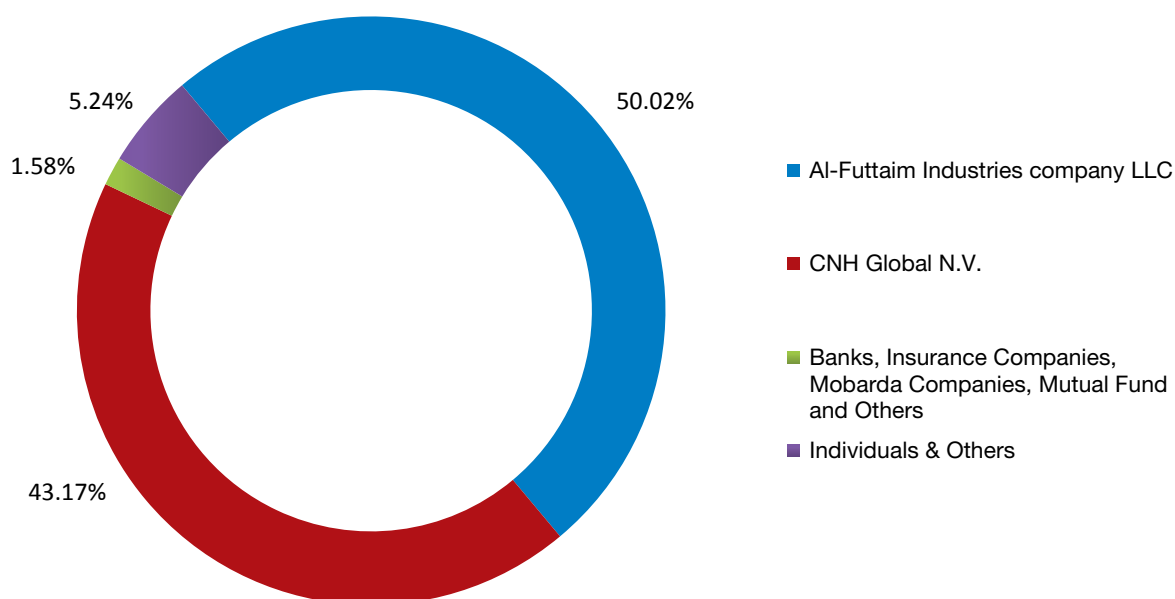
Sr. No.	Categories of Share holders	Number of Shareholders	Shares Held	Percentage
1-	Individuals	577	357,379	0.62%
2-	Financial Institutions	3	3,149	0.01%
3-	Associated Companies	2	54,015,084	93.19%
4-	Others	7	21,012	0.04%
5-	Central Depository Company (b)	2,054	3,567,577	6.15%
		2,643	57,964,201	100.00%

(b) Categories of Account holders and Sub-Account holders as per Central Depository Company of Pakistan as at December 31, 2017

Sr. No.	Categories of Share holders	Number of Shareholders	Shares Held	Percentage
1-	Individuals	1,997	2,678,285	4.62%
2-	Investment Companies	3	19,000	0.03%
3-	Insurance Companies	11	316,812	0.55%
4-	Joint Stock Companies	29	71,280	0.12%
5-	Financial Institutions	2	348,000	0.60%
6-	Modaraba Companies	1	675	0.00%
7-	Mutual Fund	2	80,600	0.14%
8-	Others	9	52,925	0.09%
		2,054	3,567,577	6.15%

SHAREHOLDING INFORMATION

Categories of Shareholders	No. of Shareholders	No. of Shares Held
Directors, CEO and their spouses and minor children:		
Mr. Muhammad Ali Qaiyum - Independent Director	1	1,050
Associated companies:		
Al-Futtaim Industries Company LLC	1	28,992,705
CNH Industrial N.V.	1	25,022,379
Banks, Development Financial Institution, Non Banking Financial Institutio	5	334,999
Insurance Companies	11	316,812
Modaraba Companies	1	675
Mutual Fund:		
CDC - Trustee First Capital Mutual Fund	2	80,600
Others	48	180,367
Individuals		
Local	2573	3,034,614
Shareholders holding 5% or more voting interest:		
Al-Futtaim Industries Company LLC	1	28,992,705
CNH Industrial N.V.	1	25,022,379



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 2012.

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 2017 are set out below:

Key focus areas of the Board during the year 2017 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 totaling to Rs. 62.5 per share and recommending a final dividend of Rs. 25 per share.
- Approving revisions to the Company's policies

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. Kashif Lawai are executive directors. To reinforce this belief, the Board is chaired by a non-Executive Chairman, Mr. Charles Leonard Hunt.

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.

Names of Director	Board Appointment	Board Committees	
		Audit Committee	Human Resource and Remuneration Committee
Charles Leonard Hunt (Chairman)	Non-Executive		
Colin William Cordery*	Non-Executive	Member	Member
Mohammad Shahid Hussain (CEO)	Executive		
Kashif Lawai	Executive		
M. Ali. Qaiyum	Independent Non-Executive	Chairman	Chairman
Damiano Cretarola	Non-Executive	Member	
Mark Brinn	Non-Executive		
Vincent DeLassagne	Non-Executive		Member

*Appointed Board member from December 6, 2017.

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 13 to 15 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 by the Company Secretary in consultation with the CEO / Chairman. 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.

Out of the four Board meetings, four meetings were held in Karachi, Pakistan and meeting for third quarter was held in Dubai, UAE.

Directors	Board Meetings		Audit Committee Meetings		Human Resource and Remunerations Committee Meetings	
	Held	Attended	Held	Attended	Held	Attended
Charles Leonard Hunt (Chairman)	5	4			2	2
Colin William Cordery*	1	1	1	1		
Majd-ul-Ahsan Syed	4	4	3	3	2	2
Mohammad Shahid Hussain	5	5				
Kashif Lawai	5	5	4	4		
M. Ali. Qaiyum	5	5	4	4		
Damiano Cretarola	5	5	4	3		
Mark Brinn	5	5				
Vincent DeLassagne	5	4			2	2

*Mr. Colin was appointed board member from December 6, 2017 and

*Mr. Majd-ul-Ahsan Syed served the board till December 5, 2017

DIRECTORS TRAINING PROGRAM

As part of the Company's continuing education for all Directors, the Company Secretary circulates to the Board, articles, reports and press releases relevant to the Company's business 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.

As required by the Securities and Exchange Commission of Pakistan (SECP), which mandates Board members to require certification, the Chairman, Mr. Charles Lenard Hunt, the CEO, Mr. Shahid Hussain, the CFO, Mr. Kashif Lawai and the independent directors, Mr. M.A. Qaiyum is also a Certified Director from PICG.

ROLE AND RESPONSIBILITIES OF CHAIRMAN

The Chairman of the Board Mr. Charles Leonard Hunt, 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

There is a formal process for appraisal of Board performance as a whole. Annual appraisals are carried out through a structured questionnaire addressing the following:

- Board's composition and structure;
- Board's access to information;
- Board's responsibility and performance;
- Board's interaction with management and key stakeholders;
- 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 2017.

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 2017.

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.

The Company's AGM was held on April 25, 2017. The following were approved by the shareholders:

- Financial statements for the year ended December 31, 2016;
- Declaration of final cash dividend @ Rs. 12.5 per share; and
- Appointment of M/s A.F. Ferguson & Co. as external auditors.

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.



A.F.FERGUSON&CO.

**REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH
THE CODE OF CORPORATE GOVERNANCE**


We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of Al-Ghazi Tractors Limited for the year ended December 31, 2017 to comply with the Code contained in Listing Regulation No. 5.19 of the Pakistan Stock Exchange Limited.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. 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 Code.

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 Code requires 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 distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. 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 any procedures to determine 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 best practices contained in the Code as applicable to the Company for the year ended December 31, 2017.



Chartered Accountants
Karachi

Dated: April 2, 2018

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
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STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

FOR THE YEAR ENDED DECEMBER 31, 2017

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in regulation No. 5.19 of the listing regulations of Pakistan Stock Exchange for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the CCG in the following manner:

1. The Company encourages representation of independent non-executive directors. At present the Board includes:

Category	Names
Independent Director	Mr. M. Ali Qaiyum
Executive Directors	Mr. Mohammad Shahid Hussain Mr. Kashif Lawai
Non-Executive Directors	Mr. Charles Leonard Hunt Mr. Colin William Cordery Mr. Vincent De Lassagne Mr. Damiano Cretarola Mr. Mark Brinn


The independent director meets the criteria of independence under clause 5.19.1 (b) of the CCG.

2. The directors have confirmed that none of them is serving as a director in more than seven listed companies, including this Company (excluding the listed subsidiaries of listed holding companies where applicable).
3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, DFI or an NBFIs or, being a broker of a stock exchange has been declared as a defaulter by that stock exchange.
4. No casual vacancy occurred in the Board during the year.
5. 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.
6. The Board has developed a vision and mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which these were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other Executive Director and Non-Executive Director, have been taken by the Board.

8. 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 and the Board met at least once in every quarter. Written notices of the meetings, along with agenda and working papers, were circulated seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. All the Directors on the Board are fully conversant with their duties and responsibilities as directors of corporate bodies. Further, the Company has complied with the requirement that at least half of the directors on its Board have certification under Directors' Training Program.
10. The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment at the time of their appointment.
11. The Directors' Report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
12. The financial statements of the Company were duly endorsed by the CEO and CFO before approval of the Board.
13. The Directors, CEO and Executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
14. The Company has complied with all the corporate and financial reporting requirements of the CCG.
15. The Board has formed an Audit Committee. It comprises of three members, of whom two are non-executive directors and the Chairman of the Committee is an independent director.
16. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company as required by the CCG. The terms of reference of the Committee have been formed and advised to the Committee for compliance.
17. The Board has formed an HR and Remuneration Committee. It comprises of three members, of whom, at present, two are non-executive directors and the chairman of the committee is an independent director.
18. The Board has set-up an effective internal audit function.
19. 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 (ICAP), that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with the International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of the Company's securities, was determined and intimated to directors, employees and stock exchange.
22. Material / price sensitive information has been disseminated among all market participants at once through stock exchange.

23. The Company has complied with the requirements relating to the maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.
24. We confirm that all other material principles enshrined in the CCG have been complied with.

Karachi
February 19, 2018



MOHAMMAD SHAHID HUSSAIN
Chief Executive Officer

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. Colin William Cordery
Mr. Damiano Cretarola

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 are given on pages 13 to 15.

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 2017

The Audit Committee met four times during the year. The attendance of the members at these meetings is stated in the table on page 75 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 has concluded its annual review of the operations of the Company for the year ended December 31, 2017 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, 2017, 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;

- 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 Audit Committee has reviewed and approved all related party transactions;
- 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. 500,000 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.

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 Committee reviews the findings and observation of the internal audit and provides appropriate guidance to the management.
- 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, 2017 and shall retire on the conclusion of the 35th 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 A.F. Ferguson and Co., Chartered Accountants for the year 2018. A resolution to this effect has been proposed at the forthcoming Annual General Meeting.



M. Ali Qaiyum
Chairman, Audit Committee
February 19, 2018

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 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. Colin William Cordery
Mr. Vincent DeLassagne

The Board Secretary functions as the Secretary to the Committee.

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 2017

The Committee met two times during the year 2017. The attendance of the members at these meetings is stated in the table on page 75 of the annual report.



M. A. Qaiyum
Chairman, Human Resource and Remuneration Committee
February 19, 2018

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 2017.

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 non-component 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.

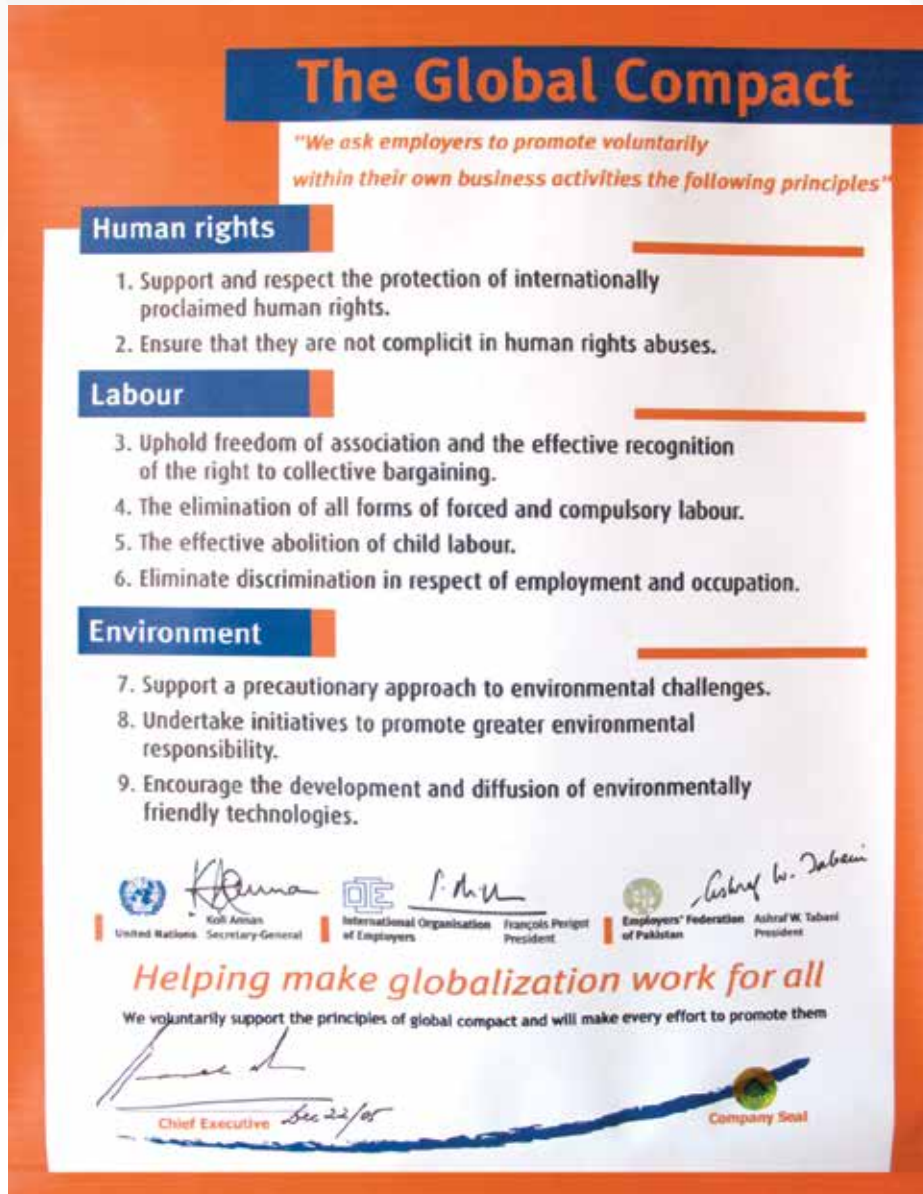
DISASTER RECOVERY PLANNING

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.

GLOBAL COMPACT



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.



FINANCIAL STATEMENTS 2017

FINANCIAL HIGHLIGHTS

Sales Revenue

(2016: Rs. 12,099 M)

+56.0%

(2017: Rs. 18,871 M)

Net Profit

(2016: Rs. 1,927 M)

+62.1%

(2017: Rs. 3,123 M)

Earning Per Share

(2016: Rs. 33.24)

+62.1%

(2017: Rs. 53.88)

Return on Asset

(2016: 41.5 %)

+28.0%

(2017: 53.1 %)

Return on Equity

(2016: 57.4 %)

+156.1%

(2017: 146.9 %)



AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Al-Ghazi Tractors Limited as at December 31, 2017 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended 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 our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- (a) in our opinion, proper books of accounts have been kept by the Company as required by the Companies Ordinance, 1984;
- (b) in our opinion:
 - (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of accounts and are further in accordance with accounting policies consistently applied;
 - (ii) the expenditure incurred during the year was for the purpose of the Company's business; and
 - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- (c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, 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, 2017 and of the profit, total comprehensive income, its cash flows and changes in equity for the year then ended; and
- (d) in our opinion, 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.

Chartered Accountants
Karachi

Dated: April 2, 2018

Engagement Partner: Farrukh Rehman

*A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
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BALANCE SHEET

AS AT DECEMBER 31, 2017

Rupees in thousand	Note	2017	2016
ASSETS			
NON-CURRENT ASSETS			
Fixed assets	3	714,732	649,897
Long-term loans		1,135	2,280
Long-term deposits		<u>3,525</u>	<u>3,538</u>
		719,392	655,715
CURRENT ASSETS			
Stores and spares	4	37,219	18,731
Stock-in-trade	5	2,283,945	1,408,886
Trade debts	6	12,023	279,759
Loans and advances	7	201,688	94,042
Short-term deposits and prepayments	8	11,871	6,119
Interest accrued	9	947	4,307
Other receivables	10	11,972	40,849
Taxation - payments less provision		40,075	-
Refunds due from the Government	11	1,221,688	819,138
Investments	12	-	-
Cash and bank balances	13	<u>1,340,511</u>	<u>1,316,770</u>
		5,161,939	3,988,601
TOTAL ASSETS		<u>5,881,331</u>	<u>4,644,316</u>
SHARE CAPITAL AND RESERVES			
Share capital	14	289,821	289,821
Reserves	15	<u>1,835,995</u>	<u>3,069,648</u>
		2,125,816	3,359,469
NON-CURRENT LIABILITIES			
Deferred staff benefits - compensated absences		39,514	41,940
Staff retirement benefit	31	10,007	9,715
Deferred taxation	16	<u>35,739</u>	<u>30,865</u>
		85,260	82,520
CURRENT LIABILITIES			
Taxation - provision less payments		-	45,469
Trade and other payables	17	3,670,175	1,156,858
Short term borrowing	18	-	-
Accrued mark-up		80	-
TOTAL LIABILITIES		3,755,515	1,284,847
COMMITMENTS			
TOTAL EQUITY AND LIABILITIES	19	<u>5,881,331</u>	<u>4,644,316</u>

The annexed notes 1 to 40 form an integral part of these financial statements.


Chairman


Chief Executive


Chief Financial Officer

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED DECEMBER 31, 2017

Rupees in thousand	Note	2017	2016
Sales	20	18,871,448	12,098,828
Cost of goods sold	21	(13,611,710)	(8,750,087)
Gross profit		5,259,738	3,348,741
Distribution cost	22	(240,830)	(162,088)
Administrative expenses	23	(237,798)	(250,336)
		4,781,110	2,936,317
Other income	24	144,076	153,929
Other operating expenses	25	(339,244)	(211,703)
		4,585,942	2,878,543
Finance cost	26	(929)	(1,018)
Profit before taxation		4,585,013	2,877,525
Taxation	27	(1,461,893)	(950,641)
Profit after taxation		3,123,120	1,926,884
Earnings per share (Rupees)	28	53.88	33.24

The annexed notes 1 to 40 form an integral part of these financial statements.


Chairman


Chief Executive


Chief Financial Officer

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2017

Rupees in thousand	2017	2016
Profit after taxation	3,123,120	1,926,884
Other comprehensive income:		
Items that will not be reclassified to Profit or Loss		
Remeasurements of post employment benefit obligations	(9,457)	(8,680)
Impact of deferred tax	-	-
	(9,457)	(8,680)
Items that may be subsequently reclassified to Profit or Loss		
	-	-
Total comprehensive income for the year	<u>3,113,663</u>	<u>1,918,204</u>

The annexed notes 1 to 40 form an integral part of these financial statements.



Chairman



Chief Executive



Chief Financial Officer

CASH FLOW STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2017

Rupees in thousand	Note	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	29	5,394,806	4,079,298
Income tax paid		(1,542,563)	(835,464)
Mark up paid		(194)	-
Decrease / (increase) in long-term deposits		13	(841)
Retirement benefits obligations paid		(22,260)	(12,532)
(Decrease) / increase in deferred staff benefits - compensated absences		(2,426)	9,048
Net cash inflow from operating activities		3,827,376	3,239,509
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to fixed assets		(129,451)	(95,875)
Proceeds from disposal of fixed assets		17,078	2,910
Encashment of term deposits - net		10,000	900,000
Return on bank deposits received		111,415	181,846
Decrease / (increase) in long-term loans		1,145	(2,064)
Net cash inflow from investing activities		10,187	986,817
CASH FLOW FROM FINANCING ACTIVITY			
Dividend paid		(3,803,822)	(4,339,794)
Net increase / (decrease) in cash and cash equivalents		33,741	(113,468)
Cash and cash equivalents at beginning of the year		1,306,770	1,420,238
Cash and cash equivalents at end of the year	30	1,340,511	1,306,770

The annexed notes 1 to 40 form an integral part of these financial statements.


Chairman


Chief Executive


Chief Financial Officer

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2017

Rupees in thousand	Share capital	General reserve	Unappropriated profit	Total
Balance as at January 1, 2016	289,821	1,000,000	4,498,759	5,788,580
Final dividend @ Rs. 25 per share for the year ended December 31, 2015	-	-	(1,449,105)	(1,449,105)
First interim dividend @ Rs. 25 per share for the year ended December 31, 2016	-	-	(1,449,105)	(1,449,105)
Second interim dividend @ Rs. 25 per share for the year ended December 31, 2016	-	-	(1,449,105)	(1,449,105)
Total comprehensive income for the year ended December 31, 2016				
Profit for the year ended December 31, 2016	-	-	1,926,884	1,926,884
Other comprehensive loss for the year ended December 31, 2016	-	-	(8,680)	(8,680)
	-	-	1,918,204	1,918,204
Balance as at January 1, 2017	289,821	1,000,000	2,069,648	3,359,469
Final dividend @ Rs. 12.5 per share for the year ended December 31, 2016	-	-	(724,553)	(724,553)
First interim dividend @ Rs. 12.5 per share for the year ended December 31, 2017	-	-	(724,553)	(724,553)
Second interim dividend @ Rs. 25 per share for the year ended December 31, 2017	-	-	(1,449,105)	(1,449,105)
Third interim dividend @ Rs. 25 per share for the year ended December 31, 2017	-	-	(1,449,105)	(1,449,105)
Total comprehensive income for the year ended December 31, 2017				
Profit for the year ended December 31, 2017	-	-	3,123,120	3,123,120
Other comprehensive loss for the year ended December 31, 2017	-	-	(9,457)	(9,457)
	-	-	3,113,663	3,113,663
Balance as at December 31, 2017	289,821	1,000,000	835,995	2,125,816

The annexed notes 1 to 40 form an integral part of these financial statements.



Chairman



Chief Executive



Chief Financial Officer

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

1. THE COMPANY AND ITS OPERATIONS

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.

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

As per the requirements of circular no. CLD/CCD/PR(11)/2017 dated October 4, 2017 issued by the Securities and Exchange Commission of Pakistan (SECP), companies whose financial year, including quarterly and other interim periods, closes on or before December 31, 2017, shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. Accordingly, these financial statements have been prepared in accordance with the approved accounting standards which comprise of such International Financial Reporting Standards (IFRS) issued by International Accounting Standards Board as are notified under the repealed Companies Ordinance, 1984, and provisions of and directives issued under the repealed Companies Ordinance, 1984. In case requirements differ, the provisions of or directives under the repealed Companies Ordinance, 1984 prevail.

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

IAS 7, 'Cashflow statements' - This amendment requires disclosure to explain changes in liabilities for which cashflows have been or will be classified as financing activities in the statement of cashflows. The amendment is part of the IASB's Disclosure Initiative. In the first year of adoption, comparative information need not be provided.

The change may impact the disclosures of the Company's annual financial statements.

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

There are certain new standards, amendments to the approved accounting standards and new interpretations that are mandatory for accounting periods beginning on or after January 1, 2017, but are considered not to be relevant or have any significant effect on the Company's financial statements and therefore not disclosed in the financial statements.

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

The following are the new standards, amendments to existing approved accounting standards and new interpretations that will be effective for the periods beginning on or after July 1, 2018 that may have an impact on the financial statements of the Company.

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 management is in the process of assessing the impact of changes laid down by these standards on its financial statements.

2.2 Overall valuation policy

These financial statements have been prepared under the historical cost convention except as 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 profit and loss account 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 balance sheet date.

Maintenance and normal repairs are charged to profit and loss account 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 profit and loss account.

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 profit and loss account.

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 Stores and spares

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

2.8 Stock-in-trade

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.

2.9 Trade debts

Trade debts are valued at invoice value, being the fair value and subsequently measured at amortised cost. Provision is made against debts considered doubtful of recovery.

2.10 Investments

Investments of the Company are classified into the following categories:

(i) Held to maturity

These are investments with fixed or determinable payments and fixed maturity with the Company having positive intent and ability to hold to maturity. These are stated at amortised cost.

(ii) Investments at fair value through profit and loss account

These are investments designated at fair value through profit and loss account at inception. Investments in this category are classified as current assets if they are expected to be realised within twelve months of the balance sheet date.

'Investments at fair value through profit and loss account' are recognised at fair value and changes in fair value are taken to profit and loss account.

2.11 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at 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.

2.12 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, 2017 using the Projected Unit Credit Method.

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

Past-service costs are recognised immediately in profit and loss account.

(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.

2.13 Financial instruments

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

Any gains and losses on derecognition of financial assets and liabilities are taken to profit and loss account currently.

2.14 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.

2.15 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.

2.16 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.

2.17 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 balance sheet date. Exchange gains and losses are taken to profit and loss account.

2.18 Revenue recognition

Sales are recorded on despatch of goods to customers.

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.

2.19 Borrowing costs

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 the qualifying asset, if any, are capitalised as part of the cost of that asset.

2.20 Dividend distribution

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

Rupees in thousand	Note	2017	2016
FIXED ASSETS			
3. Property, plant and equipment			
Operating assets	3.1	639,742	609,838
Capital work-in-progress	3.2	73,100	38,631
		712,842	648,469
Intangible assets	3.3	1,890	1,428
		<u>714,732</u>	<u>649,897</u>

3.1 Operating assets

Rupees in thousand	Land		Building		Plant and machinery	Furniture and fixtures	Office equipment	Computer hardware	Vehicles	Factory equipment and tools	Total
	Freehold	Lease hold	on freehold land	on lease hold land							
Net carrying value basis											
Year ended December 31, 2017											
Opening net book value	4,334	75,891	158,533	168,234	133,506	9,787	10,673	4,474	37,220	7,186	609,838
Additions	-	-	33,219	-	7,135	2,559	5,539	6,305	38,950	35	93,742
Disposals											
Cost	-	-	-	-	51	785	719	1,494	23,738	-	26,787
Accumulated depreciati	-	-	-	-	(51)	(662)	(159)	(1,472)	(18,869)	-	(21,213)
	-	-	-	-	-	123	560	22	4,869	-	5,574
Depreciation charge	-	(824)	(6,334)	(4,460)	(20,669)	(1,766)	(1,680)	(3,106)	(17,962)	(1,463)	(58,264)
Closing net book value	4,334	75,067	185,418	163,774	119,972	10,457	13,972	7,651	53,339	5,758	639,742
Gross carrying value basis											
At December 31, 2017											
Cost	4,334	81,599	262,139	178,395	346,951	16,106	22,263	23,117	105,022	18,531	1,058,457
Accumulated depreciation	-	(6,532)	(76,721)	(14,621)	(226,979)	(5,649)	(8,291)	(15,466)	(51,683)	(12,773)	(418,715)
Net book value	4,334	75,067	185,418	163,774	119,972	10,457	13,972	7,651	53,339	5,758	639,742
Net carrying value basis											
Year ended December 31, 2016											
Opening net book value	4,334	76,715	159,703	170,599	142,180	9,573	8,609	1,999	27,584	8,007	609,303
Additions	-	-	4,456	2,052	17,829	1,870	3,418	4,326	23,925	604	58,480
Disposals											
Cost	-	-	-	-	3,704	497	638	795	8,872	33	14,539
Accumulated depreciation	-	-	-	-	(3,704)	(453)	(608)	(795)	(8,872)	(33)	(14,465)
	-	-	-	-	-	44	30	-	-	-	74
Depreciation charge	-	(824)	(5,626)	(4,417)	(26,503)	(1,612)	(1,324)	(1,851)	(14,289)	(1,425)	(57,871)
Closing net book value	4,334	75,891	158,533	168,234	133,506	9,787	10,673	4,474	37,220	7,186	609,838
Gross carrying value basis											
At December 31, 2016											
Cost	4,334	81,599	228,920	178,395	339,867	14,332	17,443	18,306	89,810	18,496	991,502
Accumulated depreciation	-	(5,708)	(70,387)	(10,161)	(206,361)	(4,545)	(6,770)	(13,832)	(52,590)	(11,310)	(381,664)
Net book value	4,334	75,891	158,533	168,234	133,506	9,787	10,673	4,474	37,220	7,186	609,838

3.1.1 Details of assets sold, having net book value in excess of Rs. 50,000 are as follows:

Description	Cost	Accumulated depreciation	Net book value	Sale proceeds	Mode of disposal	Particulars of Purchaser
	Rupees in thousand					
Motor vehicle	717	642	75	675	Insurance claim	M/s. EFU General Insurance Limited
"	717	642	75	660		
"	1,034	646	388	950		
"	4,756	2,873	1,883	4,500		
"	1,265	-	1,265	230		
"	1,642	479	1,163	1,643		
Office equipment	655	105	550	2,500		
	<u>10,786</u>	<u>5,387</u>	<u>5,399</u>	<u>11,158</u>		

3.1.2 Details of fixed assets disposed off during the year:

Aggregate of assets disposed of having book value less than Rs. 50,000 each:	Cost	Accumulated depreciation	Net book value	Sale proceeds
	Rupees in thousand			
Vehicles	13,607	13,541	66	5,794
Plant and machinery	51	51	-	5
Computer hardware	1,494	1,472	22	74
Office equipment	64	54	10	-
Furniture and fixtures	785	708	77	47
	<u>16,001</u>	<u>15,826</u>	<u>175</u>	<u>5,920</u>

3.2 CAPITAL WORK-IN-PROGRESS

	2017				2016			
	Balance as at January 1, 2017	Additions during the year	Transfers - note	Balance as at December 31, 2017	Balance as at January 1, 2016	Additions during the year	Transfers - note	Balance as at December 31, 2016
	Rupees in thousand							
Civil works	32,605	23,993	(33,893)	22,705	2,460	34,601	(4,456)	32,605
Plant and machinery	295	29,167	-	29,462	-	1,424	(1,129)	295
Advances to suppliers	5,731	20,932	(5,731)	20,932	-	5,731	-	5,731
Total	<u>38,631</u>	<u>74,092</u>	<u>(39,624)</u>	<u>73,099</u>	<u>2,460</u>	<u>41,756</u>	<u>(5,585)</u>	<u>38,631</u>

Rupees in thousand	Note	2017	2016
3.3 INTANGIBLE ASSETS			
Net carrying value basis			
Opening net book value		1,428	445
Additions		1,239	1,224
Amortisation		(778)	(241)
Closing net book value		<u>1,889</u>	<u>1,428</u>
Gross carrying value basis			
Cost		9,617	8,378
Accumulated amortisation		(7,728)	(6,950)
Net book value		<u>1,889</u>	<u>1,428</u>
Remaining useful life in years		<u>1.7</u>	<u>1.8</u>
4. STORES AND SPARES			
Stores		19,983	5,014
Spares		17,236	13,717
		<u>37,219</u>	<u>18,731</u>
5. STOCK-IN-TRADE			
Raw materials and components – including in transit Rs. 188.85 million (2016: Rs. 101.56 million)	5.1	2,012,275	1,023,345
Work-in-process	5.2	102,209	51,118
Finished goods – tractors, generators and implements		161,338	330,738
Trading stock – spare parts and implements		8,123	3,685
		<u>2,283,945</u>	<u>1,408,886</u>
5.1	The amount includes raw materials of Rs. 0.46 million (2016: Rs. 0.46 million) held by third parties.		
5.2	The amount includes work-in-process of Rs. 2.59 million (2016: Rs. 6.11 million) held by third parties.		

Rupees in thousand		Note	2017	2016
6.	TRADE DEBTS – considered good			
	Secured		476	79,832
	Unsecured		11,547	199,927
			<u>12,023</u>	<u>279,759</u>
6.1	The age analysis of trade debts is as follows:			
	1 to 6 months		2,046	278,232
	6 to 12 months		2,899	1,527
	More than 1 year		7,078	-
			<u>12,023</u>	<u>279,759</u>
7.	LOANS AND ADVANCES – considered good			
	Loans to employees	7.1	4,093	4,253
	Advances to suppliers for goods and services		197,595	89,789
			<u>201,688</u>	<u>94,042</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.			
			2017	2016
8.	SHORT-TERM DEPOSITS AND PREPAYMENTS			
	Prepayments		6,551	5,143
	Other deposits		5,320	976
			<u>11,871</u>	<u>6,119</u>
9.	INTEREST ACCRUED			
	Mark-up accrued on bank deposits		947	4,307

Rupees in thousand		2017	2016
10. OTHER RECEIVABLES	Note		
Due from Workers' Profits Participation Fund	10.1	8,760	2,942
Others		3,212	37,907
		<u>11,972</u>	<u>40,849</u>
10.1 Workers' Profits Participation Fund			
At beginning of the year		2,942	504
Allocation for the year		(246,213)	(153,028)
		<u>(243,271)</u>	<u>(152,524)</u>
Less: Amount paid during the year		252,031	155,466
		<u>8,760</u>	<u>2,942</u>
11. REFUNDS DUE FROM THE GOVERNMENT			
Sales tax		1,073,186	670,613
Special excise duty		148,502	148,525
		<u>1,221,688</u>	<u>819,138</u>

11.1 In 2015, Deputy Commissioner of Inland Revenue had issued recovery notice to the Company for Rs. 161.8 million on account of sales tax refunds taken by the Company during the year 2006. The Company had obtained a stay order from the High Court of Sindh against the undue demand and the legal consultant is of the view that the petition will be decided in favour of the Company.

Rupees in thousand		2017	2016
12. INVESTMENTS			
Held to maturity - Certificate of Investment		52,800	52,800
Less: Provision for impairment		(52,800)	(52,800)
		<u>-</u>	<u>-</u>

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.

During the year, the Company filed a winding-up petition against SPLC in Sindh High Court for recovery of the said outstanding amount which is pending before the Sindh High Court.

Rupees in thousand	Note	2017	2016
13. CASH AND BANK BALANCES			
With banks on			
- Current accounts		826,982	181,669
- PLS savings and deposit accounts	13.1	441,621	1,051,798
Cash in hand		281	257
Demand drafts in hand		71,627	83,046
		<u>1,340,511</u>	<u>1,316,770</u>

- 13.1** At December 31, 2017, the mark-up rates on PLS savings and deposit accounts range from 2.4% to 6.1% per annum (2016: 2.4% to 6.1% per annum). The term deposits will mature in 2017.

Rupees in thousand	2017	2016
14. SHARE CAPITAL		
14.1 Authorised share capital		
	Rupees in thousand	
120,000,000 ordinary shares of Rs. 5 each (2016: 120,000,000 ordinary shares of Rs. 5 each)	<u>600,000</u>	<u>600,000</u>

14.2 Issued, subscribed and paid-up capital

Ordinary shares of Rs. 5 each

	2017	2016	Rupees in thousand	2017	2016
	4,500,000	4,500,000	Shares allotted for consideration paid in cash	22,500	22,500
	53,464,201	53,464,201	Shares allotted as bonus shares	267,321	267,321
	<u>57,964,201</u>	<u>57,964,201</u>		<u>289,821</u>	<u>289,821</u>

- 14.3** As at December 31, 2017 Al-Futtaim Industries Company LLC, U.A.E., the holding company and CNH Global N.V., Netherlands, an associated company held 28,992,705 (2016: 28,992,705) and 25,022,379 (2016: 25,022,379) shares of Rs. 5 each respectively.

Rupees in thousand	Note	2017	2016
15. RESERVES			
Revenue reserve - General		1,000,000	1,000,000
Unappropriated profit		835,995	2,069,648
		<u>1,835,995</u>	<u>3,069,648</u>
16. DEFERRED TAXATION			
Credit / (debit) balance arising on account of			
- accelerated tax depreciation allowances		63,433	59,287
- deferred staff benefits - compensated absences		(11,854)	(12,582)
- provision for impairment on investment		(15,840)	(15,840)
		<u>35,739</u>	<u>30,865</u>
17. TRADE AND OTHER PAYABLES			
Creditors		239,171	114,780
Accrued liabilities		492,873	561,110
Customers' and dealers' advances		1,872,120	49,763
Unclaimed dividend	17.1	604,619	61,125
Deposits		65,480	55,295
Taxes deducted at source		21,890	177,622
Workers' Welfare Fund		151,706	58,675
Royalty payable to CNH Global N.V. - associated company		194,864	53,798
Others		27,452	24,690
		<u>3,670,175</u>	<u>1,156,858</u>
17.1	This includes dividend payable to CNH Industrial N.V. amounting to Rs. 531.73 million (2016: Rs. Nil) which has been subsequently paid.		
18. SHORT TERM BORROWING - under mark up arrangement			
The facility for running finance available from banks amounted to Rs. 1 billion (2016: Nil). Rates of mark-up ranges from three months KIBOR plus 0.20% to three months KIBOR plus 0.25% (2016: Nil) per annum.			
The facilities for opening letters of credit and guarantees as at December 31, 2017 amounted to Rs. 2.75 billion (2016: Rs. 2.33 billion) of which unutilised balance at year end amounted to Rs. 1.76 billion (2016: Rs 1.93 billion).			
The above arrangements are secured by way of pari-passu charge against hypothecation of Company's present and future current assets.			
19. COMMITMENTS			
Commitments for capital expenditure outstanding as at December 31, 2017 amounted to Rs. 78.70 million (2016: Rs. 44.97 million).			

20. SALES

Rupees in thousand	2017			2016		
	Tractors	Trading goods and others	Total	Tractors	Trading goods and others	Total
Local sales	20,057,511	119,776	20,177,287	12,861,144	174,588	13,035,732
Export sales	54,661	-	54,661	117,858	191	118,049
	<u>20,112,172</u>	<u>119,776</u>	<u>20,231,948</u>	<u>12,979,002</u>	<u>174,779</u>	<u>13,153,781</u>
Less: Commission and discounts	(306,372)	(1,542)	(307,914)	(168,506)	(3,485)	(171,991)
Sales tax	(1,040,526)	(12,060)	(1,052,586)	(875,448)	(7,514)	(882,962)
	<u>(1,346,898)</u>	<u>(13,602)</u>	<u>(1,360,500)</u>	<u>(1,043,954)</u>	<u>(10,999)</u>	<u>(1,054,953)</u>
	<u>18,765,274</u>	<u>106,174</u>	<u>18,871,448</u>	<u>11,935,048</u>	<u>163,780</u>	<u>12,098,828</u>

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

Rupees in thousand	2017	2016
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21. COST OF GOODS SOLD

Manufactured goods

Raw materials and components consumed	12,604,325	7,854,351
Salaries, wages and benefits	327,745	258,566
Charge for defined benefit plan	5,189	4,562
Charge for defined contribution plan	3,934	3,356
Stores and supplies	171,041	109,724
Royalty and technical fee	154,832	111,579
Insurance	2,060	2,203
Depreciation	24,085	27,799
Fuel, power and electricity	48,395	37,540
Inwards freight and transportation	7,940	3,468
Repairs and maintenance	48,790	35,059
Travelling, vehicle running and entertainment	5,966	6,243
Rent, rates and taxes	1,090	1,015
Communication	617	513
Printing and stationery	2,043	2,172
Others	2,744	2,000
Opening stock of work-in-process	51,118	131,798
Closing stock of work-in-process	(102,209)	(51,118)
Cost of goods manufactured	<u>13,359,705</u>	<u>8,540,830</u>
Opening stock of finished goods	330,738	420,067
Closing stock of finished goods	(161,338)	(330,738)
	<u>13,529,105</u>	<u>8,630,159</u>
Trading goods		
Opening stock	3,685	4,883
Purchases	87,043	118,730
	<u>90,728</u>	<u>123,613</u>
Closing stock	(8,123)	(3,685)
	<u>82,605</u>	<u>119,928</u>
	<u>13,611,710</u>	<u>8,750,087</u>

Rupees in thousand	Note	2017	2016
22. DISTRIBUTION COST			
Salaries, wages and benefits		59,043	54,428
Charge for defined benefit plan		1,833	1,540
Charge for defined contribution plan		1,561	1,321
Insurance		118	114
Depreciation / amortisation		7,615	4,424
Fuel, power and electricity		7,808	7,872
Travelling, vehicle running and entertainment		11,588	10,175
Repairs and maintenance		2,293	1,117
Rent, rates and taxes		1,261	1,021
Communication		1,298	1,473
Advertisement and promotion		53,996	45,023
After sales expense		24,650	12,716
Freight charges		65,060	19,530
Legal and professional charges		47	25
Printing and stationery		1,640	880
Others		1,019	429
		<u>240,830</u>	<u>162,088</u>
23. ADMINISTRATIVE EXPENSES			
Salaries, wages and benefits		162,672	149,889
Charge for defined benefit plan		6,073	5,334
Charge for defined contribution plan		5,035	4,697
Insurance		510	317
Depreciation		27,342	25,889
Travelling, vehicle running and entertainment		7,317	7,713
Repairs and maintenance		3,557	2,148
Rent, rates and taxes		890	3,928
Communication		7,928	6,318
Auditors' remuneration	23.1	2,647	2,646
Advertising		1,193	1,672
Legal and professional charges		5,740	5,398
Printing and stationery		5,380	6,281
Donation	23.2	242	119
Provision for impairment on investment		-	25,000
Others		1,272	2,987
		<u>237,798</u>	<u>250,336</u>

Rupees in thousand		2017	2016
23.1	Auditors' remuneration		
	Audit fee	1,400	1,400
	Fee for limited review of half yearly financial statements, certification for compliance with Code of Corporate Governance, certifications for government and other agencies and other services	930	950
	Out of pocket expenses	317	296
		<u>2,647</u>	<u>2,646</u>
23.2	None of the Directors or their spouses had any interest in the donee.		
24.	OTHER INCOME		
	Income from financial assets		
	Return on PLS savings and deposit accounts	108,055	125,039
	Income from other assets		
	Scrap sales	23,497	14,997
	Profit on disposal of fixed assets	11,504	2,836
	Discount received	242	10,870
	Others	778	187
		<u>36,021</u>	<u>28,890</u>
		<u>144,076</u>	<u>153,929</u>
25.	OTHER OPERATING EXPENSES		
	Workers' Profits Participation Fund	246,213	153,028
	Workers' Welfare Fund	93,031	58,675
		<u>339,244</u>	<u>211,703</u>

Rupees in thousand	2017	2016
26. FINANCE COST		
Bank charges and commission	655	1,018
Mark up on running finance	274	-
	<u>929</u>	<u>1,018</u>
TAXATION		
- for the year	1,367,993	885,944
- prior year	89,026	65,817
Deferred	4,874	(1,120)
	<u>1,461,893</u>	<u>950,641</u>
27.1 Relationship between tax expense and accounting profit:		
Accounting profit before tax	4,585,013	2,877,525
Tax at applicable rate of 30% (2016: 31%)	1,375,504	892,033
Effect of final tax on exports	(3,727)	(7,723)
Tax credit	(714)	(1,783)
Prior year tax	89,026	65,817
Others	1,804	2,297
	<u>1,461,893</u>	<u>950,641</u>
28. EARNINGS PER SHARE		
Profit after taxation attributable to ordinary shareholders	3,123,120	1,926,884
Weighted average number of shares in issue during the year (in thousand)	57,964	57,964
Earnings per share (Rupees)	<u>53.88</u>	<u>33.24</u>
28.1	A diluted earnings per share has not been presented as the Company does not have any convertible instruments in issue as at December 31, 2017 and 2016 which would have any effect on the earnings per share if the option to convert exercised.	

Rupees in thousand	2017	2016
29. CASH GENERATED FROM OPERATIONS		
Profit before taxation	4,585,013	2,877,525
Add / (less): Adjustment for non-cash charges and other items		
Depreciation and amortisation	59,042	58,112
Retirement benefits charge	13,095	11,436
Provision for impairment on investment	-	25,000
Gain on disposal of fixed assets	(11,504)	(2,836)
Return on bank deposits	(108,055)	(125,039)
Mark up on running finance	274	-
	<u>4,537,865</u>	<u>2,844,198</u>
Effect on cash flow due to working capital changes		
Decrease / (increase) in current assets		
Stores and spares	(18,488)	15,609
Stock-in-trade	(875,059)	706,148
Trade debts	267,736	(252,000)
Loans and advances	(107,646)	(31,994)
Short-term deposits and prepayments	(5,752)	702
Other receivables	28,877	(2,438)
Refunds due from the Government	(402,550)	198,815
	<u>(1,112,882)</u>	<u>634,842</u>
Increase in current liabilities		
Trade and other payables	1,969,823	600,258
	<u>856,941</u>	<u>1,235,100</u>
	<u><u>5,394,806</u></u>	<u><u>4,079,298</u></u>
30. CASH AND CASH EQUIVALENTS		
Cash in hand	281	257
At banks in		
- Current accounts	826,982	181,669
- PLS savings accounts	441,621	1,041,798
	<u>1,268,603</u>	<u>1,223,467</u>
Demand drafts in hand	71,627	83,046
	<u><u>1,340,511</u></u>	<u><u>1,306,770</u></u>

31. STAFF RETIREMENT BENEFIT

31.1 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, 2017.

31.2 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.

31.3 The latest actuarial valuation of the Plan as at December 31, 2017 was carried out using the Projected Unit Credit Method. Details of the Fund as per the actuarial valuation are as follows:

Rupees in thousand	2017	2016
31.4 Balance sheet reconciliation as at December 31		
Present value of defined benefit obligation	149,317	134,996
Fair value of plan assets	(139,310)	(125,281)
	<u>10,007</u>	<u>9,715</u>
31.5 Movement in the defined benefit obligation		
Obligation as at January 1	134,996	112,064
Current service cost	13,209	11,244
Interest expense	10,323	9,802
Remeasurement on obligation	2,694	8,188
Benefits paid	(11,905)	(6,302)
Obligation as at December 31	<u>149,317</u>	<u>134,996</u>
31.6 Movement in the fair value of plan assets		
Fair value as at January 1	125,281	109,933
Interest income	10,437	9,610
Remeasurement on plan assets	(6,763)	(492)
Employer contributions	22,260	12,532
Benefits paid	(11,905)	(6,302)
Fair value as at December 31	<u>139,310</u>	<u>125,281</u>
31.7 Expense recognised in profit and loss account		
Current service cost	13,209	11,244
Interest expense - net	(114)	192
	<u>13,095</u>	<u>11,436</u>

Rupees in thousand		2017	2016
31.8	Remeasurement recognised in other comprehensive income		
	Experience losses	(2,694)	(8,188)
	Remeasurement of fair value of plan assets	(6,763)	(492)
	Remeasurements	<u>(9,457)</u>	<u>(8,680)</u>
31.9	Net recognised liability		
	Balance as at January 1	9,715	2,131
	Expense for the year	13,095	11,436
	Employer contributions	(22,260)	(12,532)
	Remeasurement recognised in other comprehensive income	9,457	8,680
	Balance as at December 31	<u>10,007</u>	<u>9,715</u>
		70,000	
31.10	Composition of plan assets:		
		2017	2016
		Rupees in thousand	%
		Rupees in thousand	%
	Term deposits	70,000	50.12
	Others (include bank balance)	69,672	49.88
		<u>139,672</u>	<u>100.00</u>
		<u>125,434</u>	<u>100.00</u>
31.11	Actuarial assumptions	2017	2016
	Expected rate of increase in salaries		
	- Management staff		
	- Short-term - 1 year	8.25%	10.00%
	- Long-term - more than 1 year	8.25%	8.00%
	- Non-management staff		
	- Short-term - 1 year	8.25%	10.00%
	- Long-term - more than 1 year	8.25%	8.00%
	Discount factor used	8.25%	8.00%
31.12	Pre-Retirement mortality was assumed to be SLIC (2001-05) for males and females, as the case may be, but rated down one year.		
31.13	The Company ensures asset / liability matching by investing in short-term deposits and does not use derivatives to manage its risk.		
31.14	The expected return on plan assets has been determined by considering the expected returns available on the assets underlying the current investment policy.		

31.15 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 thousand		
Discount rate at December 31	1%	(136,343)	157,151
Future salary increases	1%	157,753	(135,639)

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 balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

31.16 Historical information

Rupees in thousand	2017	2016	2015	2014	2013
As at December 31					
Present value of defined benefit obligation	149,317	134,996	112,064	169,675	138,269
Fair value of plan assets	(139,310)	(125,281)	(109,933)	(139,746)	(137,092)
Deficit / (surplus)	<u>10,007</u>	<u>9,715</u>	<u>2,131</u>	<u>29,929</u>	<u>1,177</u>
Experience adjustments					
(Loss) on obligation	(2,694)	(8,188)	(12,911)	(25,106)	(7,893)
(Loss) / gain on plan assets	(6,763)	(492)	1,319	(2,901)	(339)
	<u>(9,457)</u>	<u>(8,680)</u>	<u>(11,592)</u>	<u>(28,007)</u>	<u>(8,232)</u>

31.17 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.

31.18 As per actuarial advice, the Company is expected to contribute Rs. 13.7 million towards gratuity fund in 2018 (2017: Rs. 12.5 million).

31.19 The weighted average duration of non-management employees is 31.64 years and of management employees is 8.92 years.

31.20 Expected maturity analysis of undiscounted retirement benefit plan.

At December 31, 2017	Less than a year	Between 1 - 2 years	Between 2 - 5 years	Between 5 - 10 years	Over 10 years	Total
	← Rupees in thousand →					
Retirement benefit plan	14,575	17,986	46,831	72,003	172,671	324,066

32. RELATED PARTY TRANSACTIONS

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

		2017	2016
	Relationship		
	Nature of transactions		
i.	Holding company	1,957,008	1,957,008
ii.	Other related parties	1,079,090	1,642,094
	Royalty paid	-	68,983
	Contribution to Al-Ghazi Tractors Limited Staff Provident Fund	10,530	9,374
	Contribution to Al-Ghazi Tractors Limited Employees' Gratuity Fund	22,260	12,532
iii.	Key management personnel		
	Salaries and other employee benefits	140,770	124,984
	Retirement benefits	10,894	7,058

The outstanding balances of related parties as at December 31, 2017 are included in trade and other payables and other receivables respectively.

33. 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:

Rupees in thousand	Chief Executive		Director		Executives	
	2017	2016	2017	2016	2017	2016
Managerial remuneration	33,000	33,000	11,576	11,129	33,603	26,103
Bonus	11,880	5,940	1,158	1,113	6,261	4,270
House rent	13,200	13,200	2,084	2,003	10,836	7,665
Utilities	6,600	6,600	463	445	2,421	1,703
Retirement benefits	5,200	3,715	992	685	4,702	2,658
Leave passage	1,247	6,180	533	1,377	2,337	1,889
Other expenses	-	-	48	48	3,523	2,319
	<u>71,127</u>	<u>68,635</u>	<u>16,854</u>	<u>16,800</u>	<u>63,683</u>	<u>46,607</u>
Number of persons	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>19</u>	<u>11</u>

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 profit and loss account for the year in respect of fee to one independent director was Rs. 1.25 million (2016: Rs. 0.65 million).

34. 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	
	← Rupees in thousand →						
FINANCIAL ASSETS							
Loans and receivables							
Loans and advances	-	-	-	4,093	1,135	5,228	5,228
Deposits	-	-	-	2,800	3,525	6,325	6,325
Trade debts	-	-	-	12,023	-	12,023	12,023
Interest accrued	-	-	-	947	-	947	947
Other receivables	-	-	-	3,212	-	3,212	3,212
Cash and bank balances	441,621	-	441,621	898,890	-	898,890	1,340,511
2017	441,621	-	441,621	921,965	4,660	926,625	1,368,246
2016	1,051,798	-	1,051,798	591,198	5,818	597,016	1,648,814
FINANCIAL LIABILITIES							
At amortised cost							
Trade and other payables	-	-	-	1,624,459	-	1,624,459	1,624,459
Accrued mark-up	-	-	-	80	-	80	80
2017	-	-	-	1,624,539	-	1,624,539	1,624,539
2016	-	-	-	870,798	-	870,798	870,798
Off balance sheet items							
Financial commitments:							
Contracts for capital expenditure							78,696
Letters of credit and guarantee							990,981
2017							1,069,677
2016							448,888

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. 1.37 billion (2016: Rs. 1.65 billion) the financial assets exposed to the credit risk amount to Rs. 1.30 billion (2016: Rs. 1.57 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 Taraqiati 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, 2017 there is no impaired balance and the carrying amount of trade debts 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, 2017 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, 2017 trade and other payables exposed to foreign currency risk amount to Rs. 188.85 million (2016: Rs. 101.56 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. 7.55 million (2016: Rs. 4.06 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, 2017, the Company's interest bearing financial assets amounted to Rs. 0.44 billion (2016: Rs. 1.05 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. 4.42 million (2016: Rs. 10.52 million).

(v) **Fair values of the financial instruments**

The carrying values of all the financial instruments reflected in the financial statements are at fair values.

35. CAPITAL RISK MANAGEMENT

The Company's objectives when managing capital are to safeguard the entity's ability to continue as a going concern, so that it can continue to provide adequate returns for shareholders and benefits for other stakeholders. The capital structure of the Company is equity based with no financing through long term or short term borrowings.

	2017	2016
36. PLANT CAPACITY AND PRODUCTION		
Plant capacity (single shift) - units	30,000	30,000
Actual production - units	24,091	16,005

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

37. PROVIDENT FUND RELATED DISCLOSURE

The following information is based on latest un-audited financial statements of the Fund:

Rupees in thousand	2017	2016
Size of the fund - Total assets	164,160	173,478
Percentage of investments made	98.8%	98.8%
Fair value of investments	162,160	171,478

The cost of above investments amounted to Rs. 147 million (2016: Rs. 107 million).

The break-up of fair value of investments is as follows:

	2017	2016	2017	2016
	Percentage	Percentage	Rupees in thousand	Rupees in thousand
Certificate of deposit	0.0%	53.4%	-	91,517
Units of mutual funds	31.0%	25.9%	50,256	44,494
Term deposit receipts	61.8%	17.7%	100,286	30,269
Saving account with bank	7.2%	3.0%	11,618	5,198
	<u>100%</u>	<u>100%</u>	<u>162,160</u>	<u>171,478</u>

The investments out of provident fund have been made in accordance with the provisions of Section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

	2017	2016
38. NUMBER OF EMPLOYEES		
Number of employees at 31 December	<u>371</u>	<u>358</u>
Average number of employees during the year	<u>365</u>	<u>356</u>

39. SUBSEQUENT EVENTS

The Board of Directors in their meeting held on February 19, 2018 have proposed a final cash dividend of Rs. 25 per share amounting to Rs. 1,449.1 million (2016: Rs. 12.5 per share amounting to Rs. 724.5 million) subject to approval of the Company in the forthcoming annual general meeting. Further, the board of Directors resolved to transfer Rs. 1 billion from general reserve to unappropriated profit.

These financial statements do not include the effects of above appropriations, which will be accounted for subsequent to the year end.

40. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on February 19, 2018 by the Board of Directors.



Chairman



Chief Executive



Chief Financial Officer



AGTL
PRODUCTS
PORTFOLIO

NH - DABUNG (85Hp)



SPECIFICATIONS

Engine Power	85hp
Operating Weight	2865kg
No. of Cylinders	4
Bore Stroke	104x115mm
Piston Displacement	3,908cc
Maximum Power	@2600rpm 85hp
Maximum Torque	@1600rpm 29.7kgm
Pump	Distributor type fuel injection pump with mechanical speed governer.
Battery	12 volts 108ah
Air Filter	Oil bath with free cleaner
Fuel Filter	02 replaceable cartridges
Fuel Tank Capacity	65litres
Transmission	Gear Box with constant-mesh gears: 8 forward and 2 reverse speeds:
Brakes	Oil immerse Disc Brake
Brakes (Parking)	Manual lever on right side of operator
Steering	Hydrostatic power steering
Driver's Seat	Fully upholstered, with parallelogram suspension, adjustable, foot step for ease
Power Take off	540 rpm (1 318" - 6 spline Shaft)@ 2160 engine rpm.
Hyd. Pump	Gear type pump driven from engine crankshaft
Pump Capacity	26.7 l/min
Maximum Lifting Capacity	2,150 kg
Tyre (Front)	7.50-16
Tyre (Rear)	18.4/15-30
D.T.O.	High speed 35mm dia /same speed as engine

NH - 480 (55Hp)



SPECIFICATIONS

Engine Power	55HP
Operating Weight	1710Kg.
No. of Cylinders	3
Bore Stroke	100x115 mm.
Piston Displacement	2710 cc
Maximum Power	@2500rpm 55HP
Maximum Torque	@1500rpm 16.5 Kgm.
Pump	Distribution Injection type 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	54 Litres
Transmission	Gear Box with constant-mesh gears: 8 forward and 2 reverse speeds:
Brakes	Synchromesh on 3rd, 4th, 7th & 8th speeds. - Service Dry Band type with mechanical control.
Brakes (Parking)	With hand lever, on right side of operator.
Steering	Manual, Recirculating ball type, Centre relay lever Joint to lubricated for life.
Driver's Seat	Fully upholstered, with parallelogram suspension, adjustable to driver's weight.
Power Take off	540 rpm (1 3/8" - 6 spline Shaft)@ 2160 engine rpm.
Hyd. Pump	Gear type pump driven from engine.
Pump Capacity	22.71/ min
Maximum Lifting Capacity	1450 kg.
Tyre (Front)	6.00 - 16
Tyre (Rear)	12.4/11-28
D.T.O.	Speed same as engine - Anti clockwise.

NH - GHAZI (65Hp) Power Steering



SPECIFICATIONS

Engine Power	65HP
Operating Weight	1770Kg.
No. of Cylinders	3
Bore Stroke	104x115 mm.
Piston Displacement	2931 cc
Maximum Power	@ 2500rpm 65HP
Maximum Torque	@1500rpm 19.0 Kgm.
Pump	Distribution Injection type 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	54 Litres
Transmission	Gear Box with constant- mesh gears: 8 forward and 2 reverse speeds:
Brakes	Synchromesh on 3rd, 4th, 7th, & 8th speeds. - Service Dry Band type with mechanical control. - Oil immerse Disc Brake
Brakes (Parking)	With hand lever, on right side of operator.
Steering	Hydraulic power with independent oil pump of flow capacity 12 liter / minute and separate oil tank capacity 1.8 litres with complete filtering system.
Driver's Seat	Fully upholstered, with parallelogram suspension, adjustable to driver's weight.
Power Take off	540 rpm (1 3/8" - 6 spline Shaft)@ 2160 engine rpm.
Hyd. Pump	Gear type pump driven from engine.
Pump Capacity	22.71/ min
Maximum Lifting Capacity	1650 kg.
Tyre (Front)	6.00 - 16
Tyre (Rear)	14.9/13-28
D.T.O.	Speed same as engine - Anti clockwise.

NH - 640 (75Hp) Power Steering



SPECIFICATIONS

Engine Power	75HP
Operating Weight	2070Kg.
No. of Cylinders	4
Bore Stroke	100x115 mm.
Piston Displacement	3613 cc
Maximum Power	@ 2500rpm 75HP
Maximum Torque	@1500rpm 22.5 Kgm.
Pump	Distribution Injection type with mechanical speed governor.
Battery	12 Volts 110/120Ah
Air Filter	Oil bath with pre cleaner and Semi automatic dust unloader
Fuel Filter	02 replaceable cartridges.
Fuel Tank Capacity	54 Litres
Transmission	Gear Box with constant-mesh gears: 8 forward and 2 reverse speeds:
Brakes	Synchromesh on 3rd, 4th, 7th, & 8th speeds. - Service Dry Band type with mechanical control. - Oil immerse Disc Brake
Brakes (Parking)	With hand lever, on right side of operator.
Steering	Hydraulic power with independent oil pump of flow capacity 12 liter / minute and separate oil tank capacity 1.8 litres with complete filtering system.
Driver's Seat	Fully upholstered, with parallelogram suspension, adjustable to driver's weight.
Power Take off	540 rpm (1 318" - 6 spline Shaft)@ 2160 engine rpm.
Hyd. Pump	Gear type pump driven from engine.
Pump Capacity	24.81/ min
Maximum Lifting Capacity	1650 kg.
Tyre (Front)	7.50 - 16
Tyre (Rear)	16.9/14-30
D.T.O.	Speed same as engine -Anti clockwise.

NH 55-56 (55-Hp) Power Steering Lift-O-Matic



SPECIFICATIONS

Engine Power	55HP
Operating Weight	2070Kg.
No. of Cylinders	3
Bore Stroke	100x115 mm.
Piston Displacement	2710 cc
Maximum Power	
Maximum Torque	@1500rpm 20 Kgm.
Pump	Distributor Injection type with mechanical speed governor.
Battery	12 Volts 95/105 Ah
Air Filter	Oil bath air cleaner with Semi automatic type dust unloader pre cleaner
Fuel Filter	
Fuel Tank Capacity	61.01 Litres
Transmission	Gear Box with constant-mesh gears Synchronesh on 3rd, 4th, 7th & 8th speeds.
Brakes	- Service Disc type, oil bath, mechanical control, simultaneous or independent operation.
Brakes (Parking)	Dependent, operating on service brakes, with hand control lever and flash warning light.
Steering	Hydrostatic power steering with independent circuit
Driver's Seat	De luxe, with parallelogram suspension and hydraulic shock absorber, adjustable to driver's weight, reach and height.
Power Take off	1-3/8" - 6 spline Shaft, 540 rpm @ 1970 engine rpm.
Pump Capacity	34.5 L/ min
Maximum Lifting Capacity	2200 kg.
Tyre (Front)	6.00 - 16
Tyre (Rear)	14.9/13-28

NH 70-56 4WD (85-Hp) 4X4 Lift-O-Matic Hydrostatic Power Steering



SPECIFICATIONS

Engine Power	85HP
Operating Weight	2600Kg.
No. of Cylinders	4
Bore Stroke	104x115 mm.
Piston Displacement	3908 cc
Maximum Power	85HP
Maximum Torque	@1500rpm 27 Kgm.
Pump	Distribution Injection type with mechanical and Hydraulic speed governor.
Battery	12 Volts 110/120Ah
Air Filter	Oil bath with pre cleaner and Semi automatic dust unloader
Fuel Filter	02 replaceable cartridges.
Fuel Tank Capacity	61.01
Transmission	Gear Box with constant-mesh gears Synchronesh on 3rd, 4th, 7th, & 8th speeds.
Brakes	- Oil Immersed, multi disk type, Brakes actuation Hydraulic
Brakes (Parking)	- With hand control lever and flashing warning light
Steering	Hydrostatic power with 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) Shaft dia 35mm, 6 Spline
Pump Capacity	34.5 L/ min
Maximum Lifting Capacity	2200 kg.
Tyre (Front)	12.4/11-24
Tyre (Rear)	18.4/15-30



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 : _____

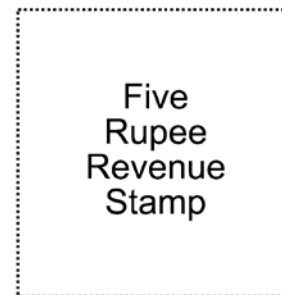
(If Applicable) _____

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 failing him
of
to vote for me/us and on my/our behalf at the Annual General Meeting of the
Company to be held on April 25, 2018 at 14:30 hrs. and at any adjournment
thereof.

As witness my/our hand this _____ day of _____ 2018.



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.

Fold Here

AFFIX
CORRECT
POSTAGE

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

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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 _____ کو
ساکن _____
اور ان کے ناجانے پر مسمیٰ/مسما ت _____
_____ کو بطور پراکسی مقرر کرتا/کرتے ہیں تاکہ وہ میری/ہماری جگہ اور میری/ہماری طرف سے
کمپنی کے سالانہ عام اجلاس بتاریخ 25 اپریل 2018ء بوقت دن 2:30 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 _____ 2018ء

-/5 روپے مالیت کے ریونیو
اسٹیپ 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 کے لئے 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 کے لئے یہ ضروری ہے کہ یہ پراکسی کمپنی کے رجسٹرڈ آفس میں اجلاس کے لئے مقررہ وقت سے کم از کم ۴۸ گھنٹے قبل ہر طرح سے مکمل صورت میں جمع کرا دیئے جائیں۔

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درست رقم کا ٹکٹ
چسپاں کریں

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

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
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GLOSSARY

TEAM	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

