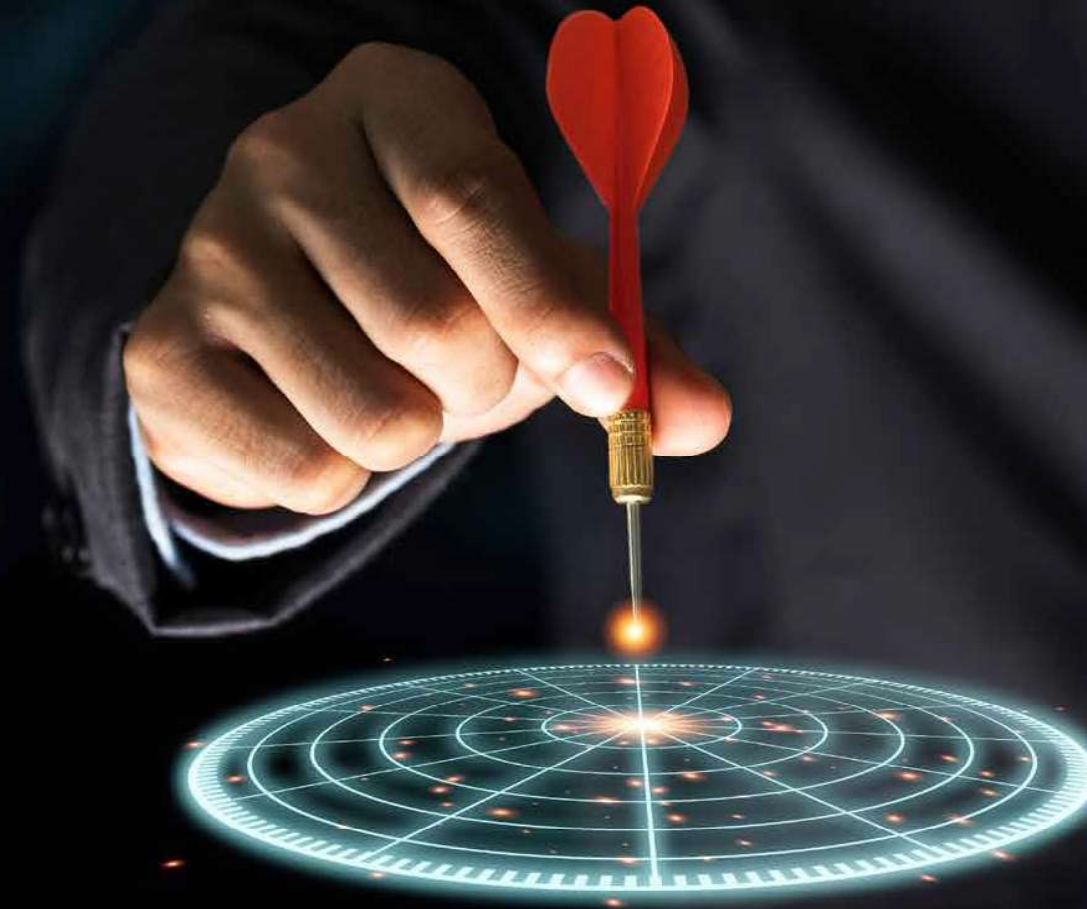


# Performance Analysis



# Analysis of Financial and Non-Financial Performance

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

Budgets are set for both financial and non-financial factors and performance is assessed accordingly. Overall, most of the targets set by the Company were achieved.

### Financial Indicators

#### Actual Results

In 2023, the Tractor industry faced significant challenges due to a convergence of severe rupee devaluation, all time high inflation, political instability, and government-imposed restrictions on imported parts. These factors led to unprecedented increases in material costs and disruptions in parts procurement. Additionally, Government had imposed additional super tax on current and prior year profit which has impacted the profitability of the company.

Despite the formidable challenges, AGTL's secured to sale an impressive 15,420 tractors, showcasing the company's resilience and determination. Building on the solid foundation of selling 19,929 tractors in 2022, AGTL continued to make strides forward, even amidst adverse market conditions. Securing



a market share of 36%, AGTL demonstrated its unwavering commitment to excellence and its ability to adapt and thrive. This achievement not only highlights AGTL's strength but also its potential for continued growth and success, poised to seize opportunities and overcome obstacles in the ever-evolving market landscape."

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

|                        | 2023        | 2022        |
|------------------------|-------------|-------------|
| Rupees '000            |             |             |
| Sales                  | 34,543,545  | 28,201,812  |
| Gross Profit           | 6,423,068   | 5,061,446   |
| Profit before taxation | 4,687,092   | 3,795,949   |
| Taxation               | (2,075,320) | (1,639,905) |
| Profit after tax       | 2,611,772   | 2,156,044   |

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

|            | Units  |        |
|------------|--------|--------|
|            | 2023   | 2022   |
| Sales      | 15,420 | 19,929 |
| Production | 14,317 | 21,216 |

### Methods and Assumptions in Compiling Indicators

The Company has identified indicators that effectively reflect the Company's performance and profitability. The Company analyzes market positioning, competitors, and general market conditions while compiling key indicators. Sales are monitored on daily basis through various management reports and future lines of action are decided accordingly. Gross profit, expenses, profit after tax, and EPS are monitored on monthly basis to gauge performance. For management reporting purposes, the Company has developed a mix of systems based on ERP and dashboard reports to compute various KPIs. An effective financial reporting system coupled with various management reports and a three-layer review system enables AGTL to report accurate, complete, and reviewed information to all its stakeholders.

### Non-Financial Indicators

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



## Key Operating & Financial Data

|  | 2023        | 2022        | 2021        | 2020       | 2019        | 2018        |
|--|-------------|-------------|-------------|------------|-------------|-------------|
| <b>Quantitative Data</b>   |             |             |             |            |             |             |
| <b>Units:</b>  |             |             |             |            |             |             |
| Sales  | 15,420      | 19,929      | 18,156      | 12,142     | 15,719      | 23,933      |
| Production   | 14,317      | 21,216      | 17,120      | 12,654     | 15,400      | 24,823      |
| <b>Rupees '000</b>   |             |             |             |            |             |             |
| <b>Profitability</b>   |             |             |             |            |             |             |
| Revenue  | 34,543,545  | 28,201,812  | 20,578,906  | 11,935,172 | 13,992,388  | 19,372,522  |
| Gross profit   | 6,423,068   | 5,061,446   | 4,721,228   | 2,766,012  | 2,544,716   | 4,665,484   |
| Depreciation   | 187,794     | 120,952     | 84,846      | 81,512     | 80,836      | 70,061      |
| Operating Profit (before investment income)                      | 4,242,843   | 3,688,799   | 4,078,670   | 1,887,289  | 1,330,943   | 3,705,802   |
| Investment income  | 444,249     | 107,150     | 91,060      | 40,618     | 17,581      | 29,033      |
| Profit before taxation   | 4,687,092   | 3,795,949   | 4,169,730   | 1,927,907  | 1,348,524   | 3,734,835   |
| Income tax expense   | 2,075,320   | 1,639,905   | 1,211,868   | 578,250    | 370,872     | 1,282,321   |
| Profit for the year  | 2,611,772   | 2,156,044   | 2,957,862   | 1,349,657  | 977,652     | 2,452,514   |
| Earnings before investment income, tax and depreciation (EBITDA) | 4,430,637   | 3,809,751   | 4,163,516   | 1,968,801  | 1,411,779   | 3,775,863   |
| Manpower Cost - Direct   | 680,089     | 515,339     | 397,871     | 302,194    | 345,368     | 375,240     |
| Manpower Cost - Indirect   | 596,291     | 356,872     | 263,703     | 283,646    | 287,773     | 303,572     |
| Total Manpower Cost  | 1,276,380   | 872,211     | 661,574     | 585,840    | 633,141     | 678,812     |
| <b>Financial position</b>  |             |             |             |            |             |             |
| Fixed assets   | 1,608,167   | 1,331,267   | 1,108,805   | 1,066,974  | 1,068,382   | 828,804     |
| Other non-current assets   | 16,919      | 20,473      | 11,334      | 4,941      | 4,757       | 4,696       |
| Employee benefit prepayments                                     | 32,039      | -           | 8,481       | 36,197     | -           | -           |
| Deferred tax asset   | 129,972     | 101,819     | 85,553      | 111,756    | 87,090      | -           |
|  | 1,787,097   | 1,453,559   | 1,214,173   | 1,219,868  | 1,160,229   | 833,500     |
| Current assets   | 12,442,536  | 10,827,170  | 8,275,942   | 3,963,576  | 4,315,154   | 5,951,957   |
| Current liabilities  | 8,299,836   | 8,990,546   | 5,467,934   | 2,849,239  | 4,442,078   | 5,299,961   |
| Net working capital  | 4,142,700   | 1,836,624   | 2,808,008   | 1,114,337  | (126,924)   | 651,996     |
| Less: Non-current liabilities                                    | 149,572     | 158,098     | 48,914      | 46,083     | 129,588     | 116,099     |
| Capital employed   | 5,780,225   | 3,132,085   | 3,973,267   | 2,288,122  | 903,717     | 1,369,397   |
| <b>Represented by:</b>   |             |             |             |            |             |             |
| Share capital  | 289,821     | 289,821     | 289,821     | 289,821    | 289,821     | 289,821     |
| Reserves   | -           | -           | -           | 1,049,000  | -           | -           |
| Unappropriated profit  | 5,490,404   | 2,842,264   | 3,683,446   | 949,301    | 613,896     | 1,079,576   |
|  | 5,780,225   | 3,132,085   | 3,973,267   | 2,288,122  | 903,717     | 1,369,397   |
| <b>Cash Flows</b>  |             |             |             |            |             |             |
| Operating activities   | 3,051,290   | (4,270,631) | 4,630,496   | 2,125,302  | 1,936,798   | (1,155,682) |
| Investing activities   | (11,685)    | (162,817)   | (34,067)    | (38,909)   | (303,716)   | (151,004)   |
| Financing activities   | (1,234,748) | 2,353,917   | (1,240,189) | (4,708)    | (1,393,589) | (3,713,121) |

## Analysis of Financial Ratios

|   | 2023   | 2022   | 2021      | 2020      | 2019    | 2018      |
|---|--------|--------|-----------|-----------|---------|-----------|
| <b>Analysis of Financial Ratios</b>                 |        |        |           |           |         |           |
| <b>Profitability Ratios</b>                         |        |        |           |           |         |           |
| Gross profit ratio                                  | 18.59% | 17.60% | 22.94%    | 23.18%    | 18.19%  | 24.08%    |
| Pre-tax profit ratio                                | 13.57% | 13.46% | 20.26%    | 16.15%    | 9.64%   | 19.28%    |
| Net profit to Sales                                 | 7.56%  | 7.65%  | 14.37%    | 11.31%    | 6.99%   | 12.66%    |
| EBITDA margin to sales                              | 12.83% | 13.51% | 20.23%    | 16.50%    | 10.09%  | 19.49%    |
| Operating Leverage ratio                            | 0.72   | -0.23  | 1.54      | -2.68     | 2.25    | -6.31     |
| Return on asset                                     | 18.35% | 17.56% | 31.17%    | 26.04%    | 17.86%  | 36.14%    |
| Return on Equity / Capital employed                 | 45.18% | 68.84% | 74.44%    | 58.99%    | 108.18% | 179.09%   |
| <b>Liquidity Ratios</b>                             |        |        |           |           |         |           |
| Current Ratio                                       | 1.50   | 1.20   | 1.51      | 1.39      | 0.97    | 1.12      |
| Quick Ratio   | 0.77   | 0.62   | 0.99      | 0.69      | 0.34    | 0.46      |
| Cash to current liabilities                         | 0.21   | 0.08   | 0.37      | 0.08      | 0.04    | 0.06      |
| <b>Activity / Turnover Ratios</b>                   |        |        |           |           |         |           |
| Inventory turnover ratio                            | 4.96   | 5.71   | 6.50      | 3.83      | 3.64    | 5.05      |
| Receivables turnover ratio                          | 427.00 | 339.00 | 9,455.00  | 2,480.00  | 423.00  | 565.00    |
| Creditors turnover ratio                            | 29.00  | 16.00  | 18.00     | 28.00     | 26.00   | 22.00     |
| Fixed assets turnover ratio                         | 21.48  | 21.18  | 18.56     | 11.19     | 13.10   | 23.37     |
| Total assets turnover ratio                         | 2.43   | 2.30   | 2.17      | 2.30      | 2.56    | 2.86      |
| <b>Operating Cycle</b>                              |        |        |           |           |         |           |
| No. of days in inventory                            | 74     | 64     | 56        | 95        | 100     | 72        |
| No. of days in receivables                          | 1      | 1      | 0         | 0         | 1       | 1         |
| No. of days in payables                             | 13     | 22     | 21        | 13        | 14      | 17        |
| Operating Cycle                                     | 62     | 43     | 36        | 83        | 87      | 56        |
| <b>Capital Structure Ratios</b>                     |        |        |           |           |         |           |
| Financial leverage ratio                            | 0.31   | 0.38   | 0.39      | 0.75      | 0.88    | 0.44      |
| Weighted average cost of debt                       | 3.84%  | 3.84%  | 0.00%     | 0.00%     | 10.87%  | 3.10%     |
| Debt to equity ratio (As per book value)            | 1.18   | 1.18   | 0.00      | 0.08      | 4.02    | 2.90      |
| Debt to equity ratio (As per market value)          | 0.17   | 0.17   | 0.00      | 0.00      | 0.00    | 0.12      |
| Interest cover ratio                                | 6.72   | 0.54   | 477.32    | 14.22     | 4.38    | 30.74     |
| <b>Investment / Market ratios</b>                   |        |        |           |           |         |           |
| Pre-Tax earning per share (Basic and diluted) - Rs  | 80.86  | 65.49  | 71.94     | 33.26     | 23.26   | 64.43     |
| Post-Tax earning per share (Basic and diluted) - Rs | 45.06  | 37.20  | 51.03     | 23.28     | 16.87   | 42.31     |
| Price earnings ratio                                | 8.12   | 8.55   | 6.60      | 15.95     | 21.79   | 12.90     |
| Dividend yield ratio                                | 0.00%  | 0.00%  | 15.14%    | 5.76%     | 4.08%   | 7.14%     |
| Dividend ratio                                      | -      | -      | 6.60      | 17.37     | 24.50   | 14.00     |
| Dividend payout ratio                               | 0.00%  | 0.00%  | 100.00%   | 91.86%    | 88.93%  | 92.17%    |
| Dividend cover                                      | -      | -      | 1.00      | 1.09      | 1.12    | 1.08      |
| Dividend per share                                  | -      | -      | 51.03     | 21.39     | 15.00   | 39.00     |
| - Cash  | -      | -      | -         | -         | -       | -         |
| - Bonus   | -      | -      | -         | -         | -       | -         |
| Dividend payout - Rs '000                           | -      | -      | 2,957,862 | 1,239,854 | 869,463 | 2,260,604 |
| Cash dividend - %                                   | 0%     | 0%     | 1021%     | 428%      | 300%    | 780%      |
| <b>Market value per share - Rs</b>                  |        |        |           |           |         |           |
| - Closing   | 366.0  | 318.0  | 337.0     | 371.5     | 367.5   | 546.00    |
| - High  | 462.4  | 470.0  | 408.0     | 418.8     | 564.0   | 775.31    |
| - Low   | 247.5  | 315.0  | 320.1     | 210.2     | 232.0   | 490.04    |
| Market capitalisation - Rs Million                  | 21,215 | 18,433 | 19,534    | 21,531    | 21,302  | 31,648    |
| Breakup value per share - Rs                        | 99.72  | 54.03  | 68.55     | 39.47     | 15.59   | 23.62     |
| Market price to break up value                      | 3.67   | 5.89   | 4.92      | 9.41      | 23.57   | 23.11     |
| Earning Yield (%)                                   | 12.31% | 11.70% | 15.14%    | 6.27%     | 4.59%   | 7.75%     |

Analysis of Financial Ratios



**Comments on Ratios**

**Profitability Ratios:**

The company's profitability ratios for the year 2023 indicate a solid performance. The gross profit ratio stands at 18.59%, demonstrating efficient management of production costs. The pre-tax profit ratio is strong at 13.57%, indicating robust operational efficiency and effective cost management strategies. The net profit to sales ratio is at 7.56%, showcasing the company's ability to convert sales revenue into net income. Additionally, the EBITDA margin to sales ratio is healthy at 12.83%, reflecting strong earnings before interest, taxes, depreciation, and amortization relative to sales. The return on assets and return on equity/capital employed ratios are impressive, standing at 18.35% and 45.18%, respectively, indicating efficient utilization of assets and shareholder equity to generate profits.

**Liquidity and Turnover Ratios:**

The company's liquidity ratios for 2023 depict a healthy financial position. The current ratio of 1.50

and quick ratio of 0.77 indicate that the company possesses adequate current assets to cover its short-term liabilities. However, the cash to current liabilities ratio is relatively low at 0.21, suggesting that the company may need to improve its cash position to meet immediate obligations. In terms of turnover ratios, the inventory turnover ratio, receivables turnover ratio, and creditors turnover ratio indicate efficient management of inventory, receivables, and payables, respectively. The fixed assets turnover ratio and total assets turnover ratio also reflect efficient utilization of assets to generate sales revenue.

**Market Ratios:**

The market ratios for the company in 2023 exhibit mixed results. The pre-tax earnings per share (EPS) and post-tax EPS are commendable at Rs 80.86 and Rs 45.06, respectively, indicating strong earnings potential for shareholders. However, the price-earnings ratio is relatively low at 8.12, suggesting that the stock may be undervalued relative to its earnings. The absence of dividend yield and dividend payout ratios suggests that the company did not distribute dividends during the period. The market value per share indicates volatility in the stock price throughout the year, with a high of Rs 462.4 and a low of Rs 247.5. The market capitalization stands at Rs 21,215 million, reflecting the total market value of the company's outstanding shares.

**Operating Cycle:**

The operating cycle analysis for the year 2023 provides insights into the efficiency of the company's operational processes. The number of days in inventory, which stands

at 74 days, indicates the average number of days it takes for the company to convert its inventory into sales. A lower value for this metric suggests better inventory management and faster turnover of goods, potentially leading to improved liquidity and profitability.

The remarkably low number of days in receivables, at just 1 day, reflects the company's efficient collection of accounts receivable, indicating prompt payment from customers. This efficiency contributes to a shorter cash conversion cycle and ensures that funds are readily available for the company's operations.

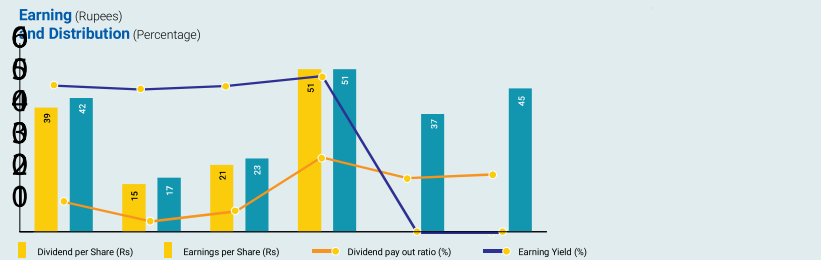
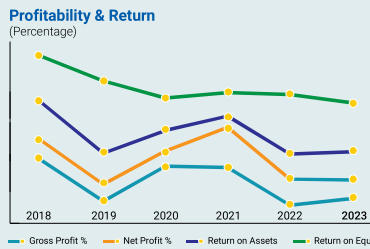
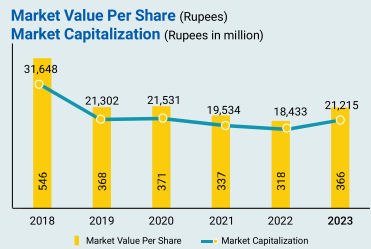
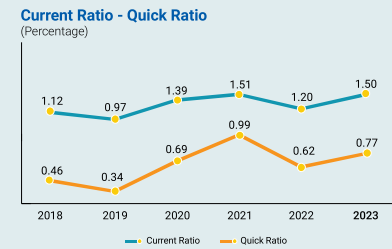
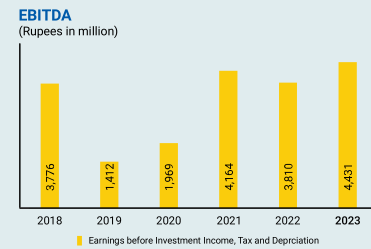
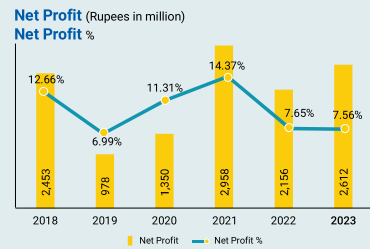
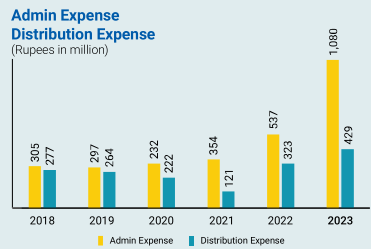
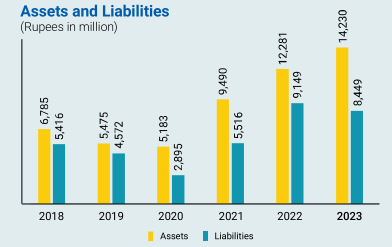
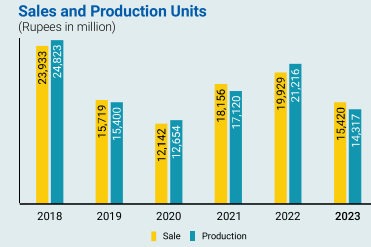
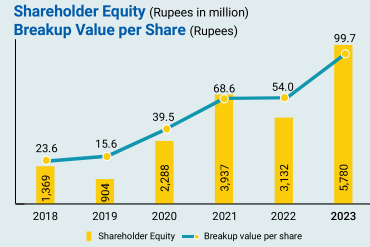
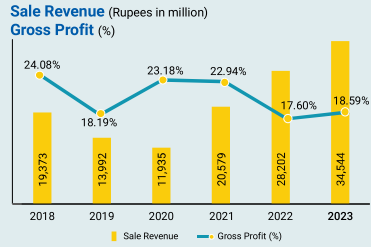
**Capital Structure Ratios:**

The company's capital structure ratios highlight a conservative financial approach. The financial leverage ratio of 0.31 indicates a low level of financial leverage, suggesting that the company relies more on equity financing than debt. The weighted average cost of debt is reasonable at 3.84%, indicating the cost of debt on minimal side. The debt to equity ratio is moderate at 1.18 based on book value and significantly lower at 0.17 based on market value, indicating a healthy balance between debt and equity financing. The interest cover ratio of 6.72 suggests that the company can comfortably meet its interest obligations with its earnings.

In conclusion, the company's financial analysis for 2023 reflects strong profitability, liquidity, and turnover, coupled with a conservative capital structure. However, there may be opportunities to enhance market valuation through improved earnings multiples and dividend distributions.



# Graphical Analysis



## Six Years Horizontal Analysis

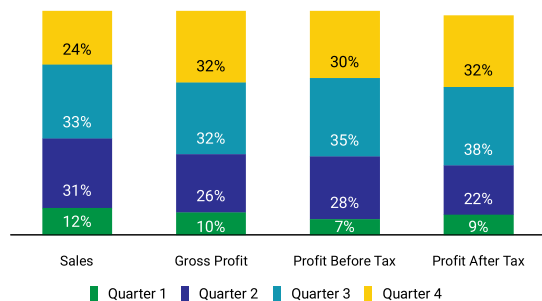
|   | 2023              | 2022              | 2021             | 2020             | 2019             | 2018             |   | 2023  | 2022             | 2021             | 2020               | 2019               | 2018             |
|---|-------------------|-------------------|------------------|------------------|------------------|------------------|---|---|------------------|------------------|--------------------|--------------------|------------------|
|   | (Rupees '000)     |                   |                  |                  |                  |                  |   | Increase / (decrease) from preceeding year in Rs 000<br>(Rupees '000) |                  |                  |                    |                    |                  |
| <b>BALANCE SHEET</b>                      |                   |                   |                  |                  |                  |                  | <b>BALANCE SHEET</b>                      |   |                  |                  |                    |                    |                  |
| Fixed assets                              | 1,608,167         | 1,331,267         | 1,108,805        | 1,066,974        | 1,068,382        | 828,804          | Fixed assets                              | 276,900   | 222,462          | 41,831           | (1,408)            | 239,578            | 114,072          |
| Long-term investments                     | -                 | -                 | -                | -                | -                | -                | Long-term investments                     | -   | -                | -                | -                  | -                  | -                |
| Long-term loans and deposits              | 16,919            | 20,473            | 11,334           | 4,941            | 4,757            | 4,696            | Long-term loans and deposits              | (3,553)   | 9,139            | 6,393            | 184                | 61                 | 36               |
| Employee benefit prepayments              | 32,039            | -                 | 8,481            | 36,197           | -                | -                | Employee benefit prepayments              | 32,039  | (8,481)          | (27,716)         | 36,197             | -                  | -                |
| Deferred tax asset                        | 129,972           | 101,819           | 85,553           | 111,756          | 87,090           | -                | Deferred tax asset                        | 28,153  | 16,266           | (26,203)         | 24,666             | 87,090             | -                |
| Inventories                               | 6,084,499         | 5,263,574         | 2,875,085        | 2,004,517        | 2,786,893        | 3,507,588        | Inventories                               | 820,925   | 2,388,489        | 870,568          | (782,376)          | (720,695)          | 1,186,424        |
| Trade receivables                         | -                 | 161,820           | 4,651            | -                | 9,624            | 56,606           | Trade receivables                         | (161,820)   | 157,169          | 4,651            | (9,624)            | (46,982)           | 44,583           |
| Loan and advances                         | 95,715            | 91,105            | 147,874          | 86,561           | 93,216           | 132,337          | Loan and advances                         | 4,610   | (56,769)         | 61,313           | (6,655)            | (39,121)           | (69,351)         |
| Trade deposits and short-term prepayments | 324,848           | 372,903           | 114,772          | 24,925           | 7,398            | 43,305           | Trade deposits and short-term prepayments | (48,055)  | 258,131          | 89,847           | 17,527             | (35,907)           | 31,434           |
| Interest accrued                          | 3,371             | 1,550             | 1,396            | 197              | -                | 1                | Interest accrued                          | 1,821   | 154              | 1,199            | 197                | (1)                | (946)            |
| Other receivables                         | 201               | 4,833             | 8,283            | 8,225            | 108,134          | 12,964           | Other receivables                         | (4,632)   | (3,450)          | 58               | (99,909)           | 95,170             | 992              |
| Taxation - payments less provision        | -                 | -                 | 142,313          | 157,786          | 347,462          | 108,040          | Taxation - payments less provision        | -   | (142,313)        | (15,473)         | (189,676)          | 239,422            | 67,965           |
| Refunds due from the Government           | 4,210,453         | 4,203,395         | 2,983,446        | 1,450,847        | 773,334          | 1,797,206        | Refunds due from the Government           | 7,058   | 1,219,949        | 1,532,599        | 677,513            | (1,023,872)        | 575,518          |
| Other financial assets                    | -                 | -                 | -                | -                | -                | -                | Other financial assets                    | -   | -                | -                | -                  | -                  | -                |
| Cash and bank balances                    | 1,723,449         | 727,990           | 1,998,122        | 230,518          | 189,093          | 293,910          | Cash and bank balances                    | 995,459   | (1,270,132)      | 1,767,604        | 41,425             | (104,817)          | (1,046,601)      |
| <b>Total assets</b>                       | <b>14,229,633</b> | <b>12,280,729</b> | <b>9,490,115</b> | <b>5,183,444</b> | <b>5,475,383</b> | <b>6,785,457</b> | <b>Total assets</b>                       | <b>1,948,904</b>  | <b>2,790,614</b> | <b>4,306,671</b> | <b>(291,939)</b>   | <b>(1,310,074)</b> | <b>904,126</b>   |
| Current liabilities                       | 8,299,836         | 8,990,546         | 5,467,934        | 2,849,239        | 4,442,078        | 5,299,961        | Current liabilities                       | (690,710)   | 3,522,612        | 2,618,695        | (1,592,839)        | (857,883)          | 1,629,706        |
| Non-current liabilities                   | 149,572           | 158,098           | 48,914           | 46,083           | 129,588          | 116,099          | Non-current liabilities                   | (8,526)   | 109,184          | 2,831            | (83,505)           | 13,489             | 30,839           |
| <b>Total liabilities</b>                  | <b>8,449,408</b>  | <b>9,148,644</b>  | <b>5,516,848</b> | <b>2,895,322</b> | <b>4,571,666</b> | <b>5,416,060</b> | <b>Total liabilities</b>                  | <b>(699,236)</b>  | <b>3,631,796</b> | <b>2,621,526</b> | <b>(1,676,344)</b> | <b>(844,394)</b>   | <b>1,660,545</b> |
| <b>Capital employed</b>                   | <b>5,780,225</b>  | <b>3,132,085</b>  | <b>3,973,267</b> | <b>2,288,122</b> | <b>903,717</b>   | <b>1,369,397</b> | <b>Capital employed</b>                   | <b>2,648,140</b>  | <b>(841,182)</b> | <b>1,685,145</b> | <b>1,384,405</b>   | <b>(465,680)</b>   | <b>(756,419)</b> |
| Share capital                             | 289,821           | 289,821           | 289,821          | 289,821          | 289,821          | 289,821          | Share capital                             | -   | -                | -                | -                  | -                  | -                |
| Reserves                                  | 5,490,404         | 2,842,264         | 3,683,446        | 1,998,301        | 613,896          | 1,079,576        | Reserves                                  | 2,648,140   | (841,182)        | 1,685,145        | 1,384,405          | (465,680)          | (756,419)        |
| <b>Capital employed</b>                   | <b>5,780,225</b>  | <b>3,132,085</b>  | <b>3,973,267</b> | <b>2,288,122</b> | <b>903,717</b>   | <b>1,369,397</b> | <b>Capital employed</b>                   | <b>2,648,140</b>  | <b>(841,182)</b> | <b>1,685,145</b> | <b>1,384,405</b>   | <b>(465,680)</b>   | <b>(756,419)</b> |
| <b>PROFIT AND LOSS ACCOUNT</b>            |                   |                   |                  |                  |                  |                  | <b>PROFIT AND LOSS ACCOUNT</b>            |   |                  |                  |                    |                    |                  |
| Revenue                                   | 34,543,545        | 28,201,812        | 20,578,906       | 11,935,172       | 13,992,388       | 19,372,522       | Revenue                                   | 6,341,733   | 7,622,906        | 8,643,734        | (2,057,216)        | (5,380,134)        | 501,074          |
| Cost of sales                             | 28,120,477        | 23,140,366        | 15,857,678       | 9,164,670        | 11,447,672       | 14,707,038       | Cost of sales                             | 4,980,111   | 7,282,688        | 6,693,008        | (2,283,002)        | (3,259,366)        | 1,095,328        |
| Gross profit                              | 6,423,068         | 5,061,446         | 4,721,228        | 2,770,502        | 2,544,716        | 4,665,484        | Gross profit                              | 1,361,622   | 340,218          | 1,950,726        | 225,786            | (2,120,768)        | (594,254)        |
| Distribution expenses                     | 429,463           | 322,944           | 120,631          | 221,904          | 263,946          | 276,950          | Distribution expenses                     | 106,519   | 202,313          | (101,273)        | (42,042)           | (13,004)           | 36,120           |
| Administrative expenses                   | 1,080,390         | 536,715           | 353,849          | 322,675          | 296,763          | 305,425          | Administrative expenses                   | 543,675   | 182,866          | 31,174           | 25,912             | (8,662)            | 67,627           |
|   | 4,913,215         | 4,102,618         | 4,246,748        | 2,225,923        | 1,984,007        | 4,083,109        |   | 810,597   | (144,130)        | 2,020,825        | 241,916            | (2,099,102)        | (698,001)        |
| Other income                              | 560,091           | 184,613           | 146,057          | 58,798           | 61,423           | 61,902           | Other income                              | 375,478   | 38,556           | 87,259           | (2,625)            | (479)              | (82,174)         |
| Other operating expenses                  | 429,812           | 345,416           | 214,321          | 211,025          | 298,443          | 284,608          | Other operating expenses                  | 84,396  | 131,095          | 3,296            | (87,418)           | 13,835             | (54,636)         |
|   | 5,043,494         | 3,941,815         | 4,178,484        | 2,073,696        | 1,746,987        | 3,860,403        |   | 1,101,679   | (236,669)        | 2,104,788        | 326,709            | (2,113,416)        | (725,539)        |
| Finance cost                              | 356,402           | 245,035           | 8,754            | 145,789          | 398,463          | 125,568          | Finance cost                              | 111,367   | 236,281          | (137,035)        | (252,674)          | 272,895            | 124,639          |
| Profit before taxation                    | 4,687,092         | 3,795,949         | 4,169,730        | 1,927,907        | 1,348,524        | 3,734,835        | Profit before taxation                    | 891,143   | (373,781)        | 2,241,823        | 579,383            | (2,386,311)        | (850,178)        |
| Income tax expense                        | 2,075,320         | 1,639,905         | 1,211,868        | 578,250          | 370,872          | 1,282,321        | Income tax expense                        | 435,415   | 428,037          | 633,618          | 207,378            | (911,449)          | (179,572)        |
| <b>Profit for the year</b>                | <b>2,611,772</b>  | <b>2,156,044</b>  | <b>2,957,862</b> | <b>1,349,657</b> | <b>977,652</b>   | <b>2,452,514</b> | <b>Profit for the year</b>                | <b>455,728</b>  | <b>(801,818)</b> | <b>1,608,205</b> | <b>372,005</b>     | <b>(1,474,862)</b> | <b>(670,606)</b> |

## Six Years Vertical Analysis

|   | 2023<br>(Rupees '000) | 2023<br>%age   | 2022<br>(Rupees '000) | 2022<br>%age   | 2021<br>(Rupees '000) | 2021<br>%age   | Increase / (decrease) from preceeding year in Rs 000 |                |                       |                |                       |                |
|---|-----------------------|----------------|-----------------------|----------------|-----------------------|----------------|--|----------------|-----------------------|----------------|-----------------------|----------------|
|   |                       |                |                       |                |                       |                | 2020<br>(Rupees '000)                                | 2020<br>%age   | 2019<br>(Rupees '000) | 2019<br>%age   | 2018<br>(Rupees '000) | 2018<br>%age   |
| <b>BALANCE SHEET</b>                      |                       |                |                       |                |                       |                | <b>BALANCE SHEET</b>                                 |                |                       |                |                       |                |
| Fixed assets                              | 1,608,167             | 27.82%         | 1,331,267             | 42.50%         | 1,108,805             | 27.91%         | 1,066,974  | 46.63%         | 1,068,382             | 118.22%        | 828,804               | 60.52%         |
| Long-term investments                     | -                     | 0.00%          | -                     | 0.00%          | -                     | 0.00%          | -  | 0.00%          | -                     | -              | -                     | -              |
| Long-term loans and deposits              | 16,919                | 0.29%          | 20,473                | 0.65%          | 11,334                | 0.29%          | 4,941  | 0.22%          | 4,757                 | 0.53%          | 4,696                 | 0.34%          |
| Employee benefit prepayments              | 32,039                | 0.55%          | -                     | 0.00%          | 8,481                 | 0.21%          | 36,197   | 1.58%          | -                     | -              | -                     | -              |
| Deferred tax asset                        | 129,972               | 2.25%          | 101,819               | 3.25%          | 85,553                | 2.15%          | 111,756  | 4.88%          | 87,090                | 9.64%          | -                     | -              |
| Inventories                               | 6,084,499             | 105.26%        | 5,263,574             | 168.05%        | 2,875,085             | 72.36%         | 2,004,517  | 87.61%         | 2,786,893             | 308.38%        | 3,507,588             | 256.14%        |
| Trade receivables                         | -                     | 0.00%          | 161,820               | 5.17%          | 4,651                 | 0.12%          | -  | 0.00%          | 9,624                 | 1.06%          | 56,606                | 4.13%          |
| Loan and advances                         | 95,715                | 1.66%          | 91,105                | 2.91%          | 147,874               | 3.72%          | 86,561   | 3.78%          | 93,216                | 10.31%         | 132,337               | 9.66%          |
| Trade deposits and short-term prepayments | 324,848               | 5.62%          | 372,903               | 11.91%         | 114,772               | 2.89%          | 24,925   | 1.09%          | 7,398                 | 0.82%          | 43,305                | 3.16%          |
| Interest accrued                          | 3,371                 | 0.06%          | 1,550                 | 0.05%          | 1,396                 | 0.04%          | 197  | 0.01%          | -                     | 0.00%          | 1                     | 0.00%          |
| Other receivables                         | 201                   | 0.00%          | 4,833                 | 0.15%          | 8,283                 | 0.21%          | 8,225  | 0.36%          | 108,134               | 11.97%         | 12,964                | 0.95%          |
| Taxation - payments less provision        | -                     | 0.00%          | -                     | 0.00%          | 142,313               | 3.58%          | 157,786  | 6.90%          | 347,462               | 38.45%         | 108,040               | 7.89%          |
| Refunds due from the Government           | 4,210,453             | 72.84%         | 4,203,395             | 134.20%        | 2,983,446             | 75.09%         | 1,450,847  | 63.41%         | 773,334               | 85.57%         | 1,797,206             | 131.24%        |
| Other financial assets                    | -                     | 0.00%          | -                     | 0.00%          | -                     | 0.00%          | -  | 0.00%          | -                     | 0.00%          | -                     | 0.00%          |
| Cash and bank balances                    | 1,723,449             | 29.82%         | 727,990               | 23.24%         | 1,998,122             | 50.29%         | 230,518  | 10.07%         | 189,093               | 20.92%         | 293,910               | 21.46%         |
| <b>Total assets</b>                       | <b>14,229,633</b>     | <b>246.18%</b> | <b>12,280,729</b>     | <b>392.09%</b> | <b>9,490,115</b>      | <b>238.85%</b> | <b>5,183,444</b>                                     | <b>226.54%</b> | <b>5,475,383</b>      | <b>605.87%</b> | <b>6,785,457</b>      | <b>495.51%</b> |
| Current liabilities                       | 8,299,836             | 143.59%        | 8,990,546             | 287.05%        | 5,467,934             | 137.62%        | 2,849,239  | 124.52%        | 4,442,078             | 491.53%        | 5,299,961             | 387.03%        |
| Non-current liabilities                   | 149,572               | 2.59%          | 158,098               | 5.05%          | 48,914                | 1.23%          | 46,083   | 2.01%          | 129,588               | 14.34%         | 116,099               | 8.48%          |
| <b>Total liabilities</b>                  | <b>8,449,408</b>      | <b>146.18%</b> | <b>9,148,644</b>      | <b>292.09%</b> | <b>5,516,848</b>      | <b>138.85%</b> | <b>2,895,322</b>                                     | <b>126.54%</b> | <b>4,571,666</b>      | <b>505.87%</b> | <b>5,416,060</b>      | <b>395.51%</b> |
| <b>Capital employed</b>                   | <b>5,780,225</b>      | <b>100.00%</b> | <b>3,132,085</b>      | <b>100.00%</b> | <b>3,973,267</b>      | <b>100.00%</b> | <b>2,288,122</b>                                     | <b>100.00%</b> | <b>903,717</b>        | <b>100.00%</b> | <b>1,369,397</b>      | <b>100.00%</b> |
| Share capital                             | 289,821               | 5.01%          | 289,821               | 9.25%          | 289,821               | 7.29%          | 289,821  | 12.67%         | 289,821               | 32.07%         | 289,821               | 21.16%         |
| Reserves                                  | 5,490,404             | 94.99%         | 2,842,264             | 90.75%         | 3,683,446             | 92.71%         | 1,998,301  | 87.33%         | 613,896               | 67.93%         | 1,079,576             | 78.84%         |
| <b>Capital employed</b>                   | <b>5,780,225</b>      | <b>100.00%</b> | <b>3,132,085</b>      | <b>100.00%</b> | <b>3,973,267</b>      | <b>100.00%</b> | <b>2,288,122</b>                                     | <b>100.00%</b> | <b>903,717</b>        | <b>100.00%</b> | <b>1,369,397</b>      | <b>100.00%</b> |
| <b>PROFIT AND LOSS ACCOUNT</b>            |                       |                |                       |                |                       |                | <b>PROFIT AND LOSS ACCOUNT</b>                       |                |                       |                |                       |                |
| Revenue                                   | 34,543,545            | 100.00%        | 28,201,812            | 100.00%        | 20,578,906            | 100.00%        | 11,935,172   | 100.00%        | 13,992,388            | 100.00%        | 19,372,522            | 100.00%        |
| Cost of sales                             | 28,120,477            | 81.41%         | 23,140,366            | 82.05%         | 15,857,678            | 77.06%         | 9,164,670  | 76.79%         | 11,447,672            | 81.81%         | 14,707,038            | 75.92%         |
| Gross profit                              | 6,423,068             | 18.59%         | 5,061,446             | 17.95%         | 4,721,228             | 22.94%         | 2,770,502  | 23.21%         | 2,544,716             | 18.19%         | 4,665,484             | 24.08%         |
| Distribution expenses                     | 429,463               | 1.24%          | 322,944               | 1.15%          | 120,631               | 0.59%          | 221,904  | 1.86%          | 263,946               | 1.89%          | 276,950               | 1.43%          |
| Administrative expenses                   | 1,080,390             | 3.13%          | 536,715               | 1.90%          | 353,849               | 1.72%          | 322,675  | 2.70%          | 296,763               | 2.12%          | 305,425               | 1.58%          |
|   | 4,913,215             | 14.22%         | 4,102,618             | 14.55%         | 4,246,748             | 20.64%         | 2,225,923  | 18.65%         | 1,984,007             | 14.18%         | 4,083,109             | 21.08%         |
| Other income                              | 560,091               | 1.62%          | 184,613               | 0.65%          | 146,057               | 0.71%          | 58,798   | 0.49%          | 61,423                | 0.44%          | 61,902                | 0.32%          |
| Other operating expenses                  | 429,812               | 1.24%          | 345,416               | 1.22%          | 214,321               | 1.04%          | 211,025  | 1.77%          | 298,443               | 2.13%          | 284,608               | 1.47%          |
|   | 5,043,494             | 14.60%         | 3,941,815             | 13.98%         | 4,178,484             | 20.30%         | 2,073,696  | 17.37%         | 1,746,987             | 12.49%         | 3,860,403             | 19.93%         |
| Finance cost                              | 356,402               | 1.03%          | 245,035               | 0.87%          | 8,754                 | 0.04%          | 145,789  | 1.22%          | 398,463               | 2.85%          | 125,568               | 0.65%          |
| Profit before taxation                    | 4,687,092             | 13.57%         | 3,795,949             | 13.46%         | 4,169,730             | 20.26%         | 1,927,907  | 16.15%         | 1,348,524             | 9.64%          | 3,734,835             | 19.28%         |
| Income tax expense                        | 2,075,320             | 6.01%          | 1,639,905             | 5.81%          | 1,211,868             | 5.89%          | 578,250  | 4.84%          | 370,872               | 2.65%          | 1,282,321             | 6.62%          |
| Profit for the year                       | 2,611,772             | 7.56%          | 2,156,044             | 7.65%          | 2,957,862             | 14.37%         | 1,349,657  | 11.31%         | 977,652               | 6.99%          | 2,452,514             | 12.66%         |

## Quarterly Analysis

|                          | 1st Quarter | 2nd Quarter | 3rd Quarter | 4th Quarter | Annual       |
|--------------------------|-------------|-------------|-------------|-------------|--------------|
|                          | Mar-23      | Jun-23      | Sep-23      | Dec-23      |              |
| Revenue                  | 4,173,540   | 10,577,842  | 11,378,827  | 8,413,336   | 34,543,545   |
| Cost of sales            | (3,541,503) | (8,878,368) | (9,317,027) | (6,383,579) | (28,120,477) |
| Gross profit             | 632,037     | 1,699,474   | 2,061,800   | 2,029,757   | 6,423,068    |
| Gross profit %           | 15.1%       | 16.1%       | 18.1%       | 24.1%       | 18.6%        |
| Distribution expenses    | (85,418)    | (93,053)    | (143,080)   | (107,912)   | (429,463)    |
| Administrative expenses  | (208,817)   | (210,500)   | (330,118)   | (330,955)   | (1,080,390)  |
|                          | (294,235)   | (303,553)   | (473,198)   | (438,867)   | (1,509,853)  |
| Other income             | 117,348     | 209,540     | 62,096      | 171,107     | 560,091      |
| Other operating expenses | (42,804)    | (129,531)   | (122,303)   | (135,174)   | (429,812)    |
| Operating Profit         | 412,346     | 1,475,930   | 1,528,395   | 1,626,823   | 5,043,494    |
| Finance cost             | (67,870)    | (156,802)   | 110,353     | (242,083)   | (356,402)    |
| Profit before taxation   | 344,476     | 1,319,128   | 1,638,748   | 1,384,740   | 4,687,092    |
| Income tax expense       | (114,771)   | (746,507)   | (657,966)   | (556,076)   | (2,075,320)  |
| Profit for the year      | 229,705     | 572,621     | 980,782     | 828,664     | 2,611,772    |
|                          | 5.5%        | 5.4%        | 8.6%        | 9.8%        | 7.6%         |



### Quarterly Result Commentary for the Year 2023:

#### Revenue Analysis:

Throughout the year 2023, the company demonstrated consistent revenue growth, with quarterly revenues of Rs 4,173,540 in Q1, Rs 10,577,842 in Q2, Rs 11,378,827 in Q3, and Rs 8,413,336 in Q4, totaling Rs 34,543,545 for the year. Notably, Q3 recorded the highest revenue, indicating strong performance and market demand during that period.

#### Gross Profit Margin:

The gross profit margin fluctuated across quarters, ranging from 15.1% in Q1 to 24.1% in Q4, with an annual average of 18.6%. The increase in gross profit margin towards the latter part of the year suggests improved cost management and pricing strategies, contributing to higher profitability.

#### Operating Expenses:

Distribution expenses, administrative expenses, and other operating expenses were incurred consistently across quarters to support business operations. However, Q3 witnessed a spike in administrative expenses, reflecting increased operational activities or one-time expenditures during that period.

#### Other Income and Expenses:

The company generated additional income from non-operating sources, contributing Rs 560,091 for the year. Conversely, finance costs fluctuated, with significant expenses incurred in Q2 and Q4, impacting overall profitability.

#### Profitability:

Despite fluctuations in revenue and expenses, the company maintained a relatively stable net profit margin throughout the year, ranging from 5.4% to 9.8% across quarters, with an annual average of 7.6%. This consistency indicates effective cost management and operational efficiency, resulting in sustained profitability.

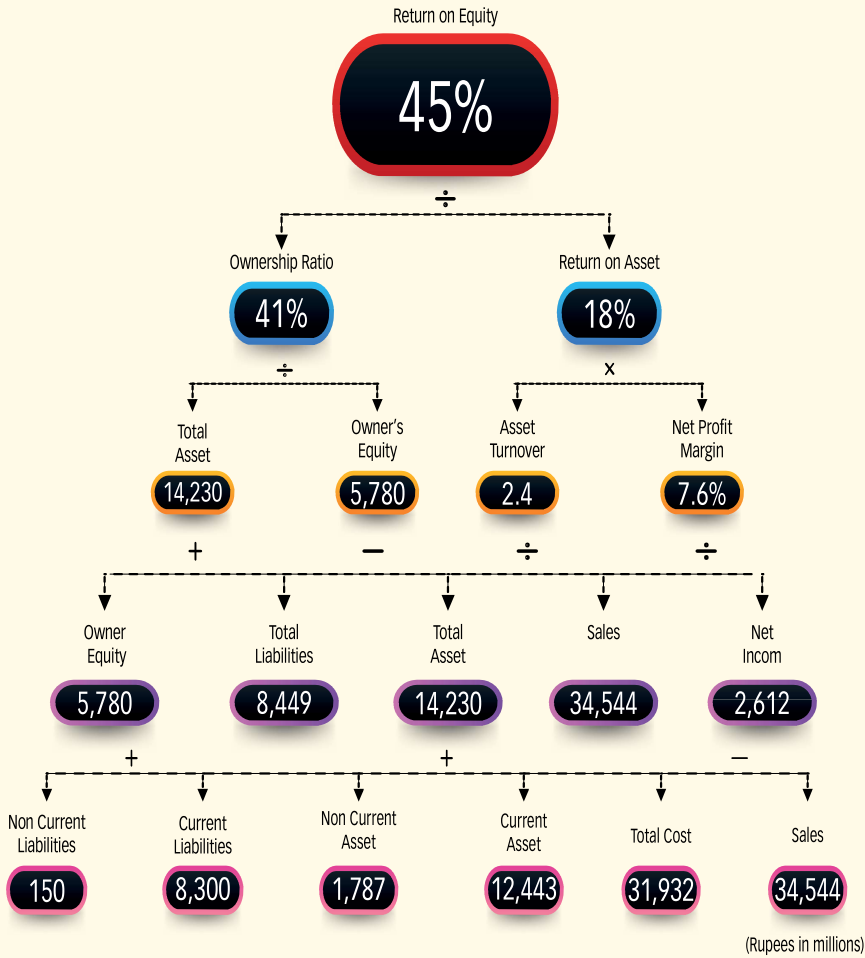
#### Overall Performance:

The company's performance in 2023 reflects resilience and adaptability in navigating market challenges and capitalizing on opportunities. While revenue growth was steady, profitability remained robust, underscoring the company's ability to maintain financial stability and deliver value to shareholders amidst changing market dynamics. Moving forward, continued focus on cost optimization, revenue diversification, and prudent financial management will be essential to sustain growth and profitability in the future.





# Dupont Analysis



### Comments on Dupont Analysis:

The DuPont analysis for the year 2023 provides a detailed examination of the company's return on equity (ROE) and the underlying factors contributing to its financial performance.

#### Asset Utilization:

The company's asset turnover ratio of 2.4 indicates that for every rupee of total assets, the company generated Rs 34,544 million in sales revenue during the year. This suggests efficient utilization of assets to drive sales growth and revenue generation.

#### Profitability:

With a net profit margin of 7.6%, the company effectively converted its sales revenue into net income. This margin signifies the company's ability to manage costs and operate profitably, ensuring a healthy bottom line.

#### Financial Leverage:

The ownership ratio, indicating the proportion of assets financed by owner's equity, stands at 41%. This suggests that the company relies more on equity financing than debt, indicating a conservative financial structure. Additionally, the return on assets (ROA) of 18% demonstrates the company's efficiency in generating profits from its assets.

#### Return on Equity (ROE):

The return on equity (ROE) of 45% reflects the company's ability to generate strong returns for its shareholders. This metric is derived from the combined effects of asset utilization, profitability, and financial leverage, indicating the overall effectiveness of the company's operations in generating profits for its owners.

#### Conclusion:

Overall, the DuPont analysis for 2023 highlights the company's effective management of assets, profitability, and financial leverage, culminating in a robust return on equity. The company's focus on efficient asset utilization, prudent cost management, and conservative financial structure has resulted in strong financial performance and value creation for its shareholders.



## Direct Cash Flow Statement

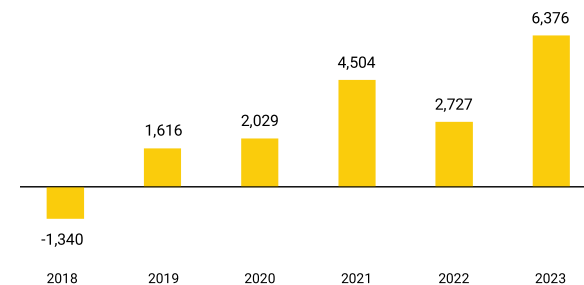
For the year ended December 31, 2023

|   | 2023             | 2022               |
|---|------------------|--------------------|
|   | Rupees '000      |                    |
| <b>Cash flows from operating activities</b>                   |                  |                    |
| Cash receipts from customers                                  | 34,725,660       | 24,667,268         |
| Cash paid to suppliers / service providers and employees      | (29,146,863)     | (25,759,729)       |
| Workers Funds   | (356,460)        | (283,664)          |
| Income tax paid   | (1,908,092)      | (1,495,592)        |
| Sales tax refund / (Payment)                                  | (7,058)          | (1,219,949)        |
| Finance costs paid  | (227,024)        | (18,835)           |
| Retirement benefits   | (61,974)         | (25,605)           |
| Loans, deposits & other operating income - net                | 33,895           | 75,237             |
| (Decrease) / increase in long-term loans                      | (793)            | (209,762)          |
| <b>Net Cash (used) / generated from operating activities</b>  | <b>3,051,290</b> | <b>(4,270,631)</b> |
| <b>Cash flows from investing activities</b>                   |                  |                    |
| Fixed Capital Expenditure                                     | (468,994)        | (272,627)          |
| Proceeds from disposal of fixed assets                        | 14,881           | 2,814              |
| Return on bank deposits                                       | 442,428          | 106,996            |
| <b>Net Cash (used) / generated from investing activities</b>  | <b>(11,685)</b>  | <b>(162,817)</b>   |
| <b>Cash flows from financing activities</b>                   |                  |                    |
| Dividend paid   | (9,853)          | (537,687)          |
| Musharkah facility obtained                                   | (1,136,320)      | 2,784,973          |
| Recovery of other financial asset                             | 44,000           | -                  |
| Short term borrowing obtained                                 | (115,000)        | 115,000            |
| Lease rentals paid  | (17,574)         | (8,369)            |
| <b>Net (decrease) / increase in cash and cash equivalents</b> | <b>1,804,857</b> | <b>(2,079,531)</b> |
| <b>Cash and cash equivalents at beginning of the year</b>     | <b>(81,409)</b>  | <b>1,998,122</b>   |
| <b>Cash and cash equivalents at end of the year</b>           | <b>1,723,448</b> | <b>(81,409)</b>    |



## Free Cash Flows

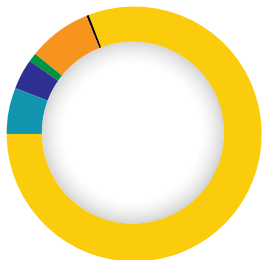
|   | 2023             | 2022             | 2021             | 2020             | 2019             | 2018               |
|---|------------------|------------------|------------------|------------------|------------------|--------------------|
|   | Rupees '000      |                  |                  |                  |                  |                    |
| Profit before taxation                              | 4,687,092        | 3,795,949        | 4,169,730        | 1,927,907        | 1,348,524        | 3,734,835          |
| Adjustment of non cash items                        | (147,678)        | 175,530          | 14,896           | 204,542          | 475,355          | 175,568            |
| working capital changes                             | 2,306,076        | (971,384)        | 445,869          | (8,803)          | 112,919          | (5,066,085)        |
| <b>Net cash generated from operating activities</b> | <b>6,845,490</b> | <b>3,000,096</b> | <b>4,630,495</b> | <b>2,123,646</b> | <b>1,936,798</b> | <b>(1,155,682)</b> |
| Capital expenditure                                 | (468,994)        | (272,627)        | (126,743)        | (94,945)         | (320,631)        | (184,195)          |
| <b>Free Cash flows</b>                              | <b>6,376,496</b> | <b>2,727,469</b> | <b>4,503,752</b> | <b>2,028,701</b> | <b>1,616,167</b> | <b>(1,339,877)</b> |



# Statement of Value Addition



|  | 2023              |              | 2022              |              |
|--|-------------------|--------------|-------------------|--------------|
|  | Rs '000           | %            | Rs '000           | %            |
| <b>Wealth Generated</b>                            |                   |              |                   |              |
| Sales  | 34,543,545        | 98.4         | 28,201,812        | 99.3         |
| Other income                                       | 560,091           | 1.6          | 184,613           | 0.7          |
|  | <b>35,103,636</b> | <b>100.0</b> | <b>28,386,425</b> | <b>100.0</b> |
| <b>Distribution of Wealth</b>                      |                   |              |                   |              |
| Cost of sales & overheads (excluding remuneration) | 28,522,558        | 81           | 23,251,897        | 82           |
| To employees as remuneration                       | 1,276,380         | 4            | 872,211           | 3            |
| To government as tax                               | 2,075,320         | 6            | 1,639,905         | 6            |
| WPPF and WWF                                       | 356,460           | 1            | 286,468           | 1            |
| To shareholders as dividend                        | -                 | 0            | -                 | 0            |
| Cash Retained within the business                  | 2,872,918         | 8            | 2,335,944         | 8            |
|  | <b>35,103,636</b> | <b>100</b>   | <b>28,386,425</b> | <b>100</b>   |



- 81% ● Cost of sales and overheads
- 6% ● To government as tax
- 4% ● To employees as remuneration
- 1% ● WPPF and WWF
- 8% ● Retained within the business
- 0% ● To shareholders as dividend

## Statement of Value Addition Commentary for 2023:

The statement of value addition for the year 2023 provides insights into the company's wealth generation and distribution, highlighting its contribution to various stakeholders and the retention of value within the business.

### Wealth Generation:

The company generated a total of Rs 35,103,636 in wealth during 2023, representing a significant increase from the previous year's figure of Rs 28,386,425. This growth in wealth generation is primarily attributed to the substantial increase in sales revenue amount due to price increase, which accounted for 98.4% of total wealth generated, reflecting the company's successful revenue generation efforts and market expansion strategies. Additionally, other income contributed 1.6% to the total wealth, indicating diversified revenue streams.

### Distribution of Wealth:

The distribution of wealth demonstrates the company's commitment to various stakeholders and societal obligations. The majority of wealth, represented by 81%, was allocated to covering costs of sales and overheads, excluding

remuneration. This allocation underscores the importance of maintaining operational efficiency and controlling expenses to ensure sustainable business operations.

A significant portion of wealth, accounting for 4%, was distributed to employees as remuneration, highlighting the company's dedication to rewarding its workforce for their contributions to its success. Additionally, 6% of wealth was allocated to the government as taxes, fulfilling the company's fiscal responsibilities and supporting public welfare initiatives.

Furthermore, contributions to welfare funds such as WPPF and WWF, representing 1% of total wealth, reflect the company's commitment to corporate social responsibility and community development.

### Retention of Value:

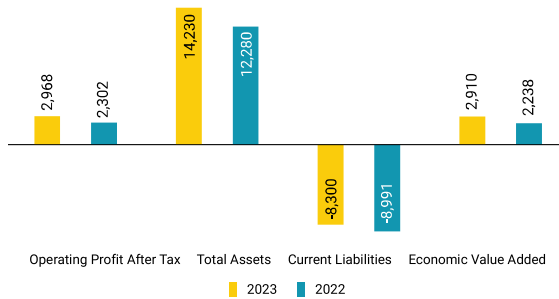
Despite the substantial distribution of wealth to various stakeholders, the company retained 8% of total wealth within the business, amounting to Rs 2,872,918. This retained cash is essential for reinvestment in growth initiatives, research and development, Transformation and strengthening the company's financial position for future opportunities and challenges.

In conclusion, the statement of value addition for 2023 illustrates the company's ability to generate wealth through robust sales performance and diversified income streams while ensuring equitable distribution to stakeholders and retaining value for sustained growth and prosperity.



## Economic Value Added

|                                | 2023             | 2022             |
|--------------------------------|------------------|------------------|
| Rupees '000                    |                  |                  |
| Net Operating Profit after Tax | 2,968,174        | 2,301,910        |
| Cost of Capital                | (58,094)         | (63,464)         |
| <b>Economic Value Added</b>    | <b>2,910,081</b> | <b>2,238,446</b> |
| Total Assets                   | 14,229,633       | 12,280,729       |
| Current Liabilities            | (8,299,836)      | (8,990,546)      |
| Invested Capital               | 5,929,797        | 3,290,183        |
| WACC                           | 0.98%            | 1.93%            |
| Cost of Capital                | 58,094           | 63,464           |



### Comments on Economic Value Added (EVA):

The economic value added (EVA) analysis for the years 2023 and 2022 reveals a positive trend in the company's performance. In 2023, the net operating profit after tax amounted to Rs 2,968,174, marking a significant increase from the previous year's figure of Rs 2,301,910. This increase in profitability contributed to the growth of economic value added, which reached Rs 2,910,081 in 2023 compared to Rs 2,238,446 in 2022.

Furthermore, the company's invested capital witnessed a substantial increase from Rs 3,290,183 in 2022 to Rs 5,929,797 in 2023, reflecting potential expansion or investment activities during the period. Despite fluctuations in the weighted average cost of capital (WACC), the company managed to maintain a favorable cost of capital, contributing to the overall enhancement of economic value added.

Overall, the EVA analysis underscores the company's ability to generate wealth above the cost of capital, thereby creating value for its shareholders and stakeholders.

## Share Price Sensitivity Analysis

The performance of the company's share price is intricately tied to its financial performance and exhibits a positive correlation with various factors influencing the company's operations. In the current economic climate of Pakistan, management carefully assesses several key factors that may impact the company's share price sensitivity.

### Agriculture

Given Pakistan's agrarian economy, where a significant portion of the population relies on agriculture for their livelihoods, the agricultural sector's performance is pivotal to the company's success. Factors such as crop acreage, weather conditions, availability of irrigation water and farm inputs, and government support prices significantly influence agricultural growth, directly impacting the company's sales and profitability. Consequently, favorable agricultural conditions typically result in increased sales and improved profitability, positively influencing the company's share price.

### Government Decisions and Policies

Government policies regarding crop prices, taxation, and subsidized tractor schemes exert a substantial influence on the company's share prices. Positive government decisions that support the agricultural industry generally foster a favorable environment for the tractor industry, leading to increased share prices. Conversely, adverse governmental decisions can have a detrimental effect on share prices.

### Plant Operations

The stability of plant operations is paramount, directly impacting production levels and, consequently, the company's profitability. Stable plant operations enable higher production output, which can positively impact the company's share price.

### Variation in Material Costs

As a manufacturing entity, material costs constitute a significant portion of variable expenses. Any increase in material costs directly affects gross profit margins, potentially leading to reduced profitability and, consequently, a decline in share prices.

### Law and Order

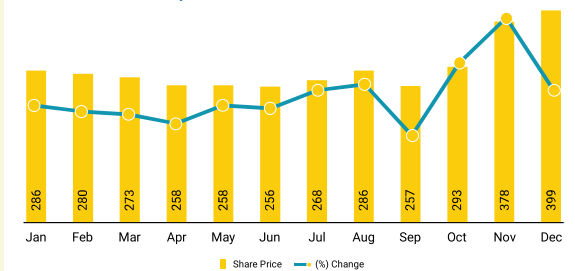
Political uncertainty and disruptions in law and order pose significant challenges to business operations, disrupting economic activity and supply chains. Such disruptions can adversely impact production levels and profitability, consequently affecting the company's share price.

### Exchange Fluctuation

The company's exposure to exchange rate fluctuations, particularly due to its reliance on imported raw materials, poses a significant risk to its financial performance. Continuous depreciation of the Pakistani Rupee can adversely affect the company's financial performance, potentially influencing its share price dynamics.

In conclusion, the company's share price sensitivity analysis underscores the importance of closely monitoring various internal and external factors that can significantly impact its financial performance and market valuation. By proactively addressing these factors and implementing strategic measures to mitigate risks, the company aims to enhance shareholder value and ensure sustainable long-term growth.

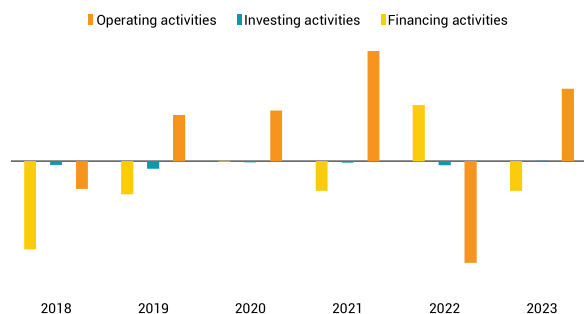
### Share Price Sensitivity



## Summary of Statement of Cash Flows

Last Six Years

|   | 2023        | 2022        | 2021        | 2020        | 2019        | 2018        |
|---|-------------|-------------|-------------|-------------|-------------|-------------|
|   | Rupees '000 |             |             |             |             |             |
| Net cash (used in) / generated from operating activities  | 3,051,290   | (4,270,631) | 4,630,496   | 2,125,302   | 1,936,798   | (1,155,682) |
| Net cash used in investing activities                     | (11,685)    | (162,817)   | (34,067)    | (38,909)    | (303,716)   | (151,004)   |
| Net cash generated from / (used in) financing activities  | (1,234,748) | 2,353,917   | (1,240,189) | (4,708)     | (1,393,589) | (3,713,121) |
| Net (decrease) / increase in cash and cash equivalents    | 1,804,857   | (2,079,531) | 3,356,240   | 2,081,685   | 239,493     | (5,019,807) |
| Cash and cash equivalents as at the beginning of the year | (81,409)    | 1,998,122   | (1,358,118) | (3,439,803) | (3,679,296) | 1,340,511   |
| Cash and cash equivalents as at the end of the year       | 1,723,449   | (81,409)    | 1,998,122   | (1,358,118) | (3,439,803) | (3,679,296) |



### Comments on Cash flow Analysis:

The cash flow statement for the year 2023 provides valuable insights into the company's liquidity position, operational efficiency, and financing activities. The Company monitors its cash inflows and outflows on a daily basis. Cash management and investment strategies are planned well in advance to maximize returns.

#### Operating Activities:

Net cash generated from operating activities amounted to Rs 3,051,290, indicating that the company's core business operations were profitable and generated positive cash flows during the year. This positive cash flow from operations suggests efficient management of working capital and effective revenue generation.

#### Investing Activities:

The company utilized Rs 11,685 in investing activities during the year, reflecting expenditures on capital investments, acquisitions, or other long-term assets. While this represents a cash outflow, it also signifies the company's commitment to investing in its future growth and expansion.

#### Financing Activities:

Net cash used in financing activities amounted to Rs 1,234,748, indicating cash outflows related to financing activities mainly short-term bank borrowings repayments. This negative cash flow from financing activities may suggest that the due to lower sales, company relied on external financing sources to fund its financial obligations.

For the past few years, the Company has obtained a notable value of running finance facility to ensure smooth business operations. Funded finance facility from difference banks as at 31st Dec, 2023 stood at PKR 5.5 billion.

#### Net Increase in Cash:

Overall, the company experienced a net increase in cash and cash equivalents of Rs 1,804,857 during the year. This positive cash flow indicates that the company's cash inflows exceeded outflows, resulting in a stronger liquidity position at the end of the year.

#### Cash Position:

The company's cash and cash equivalents at the end of the year stood at Rs 1,723,449, significantly higher than the beginning-of-year balance of Rs 81,409. This substantial increase in cash reserves indicates improved liquidity and financial stability, providing the company with flexibility to pursue future opportunities or weather unforeseen challenges.

In conclusion, the cash flow statement for 2023 reflects the company's ability to generate positive cash flows from its core operations, effectively manage its investing and financing activities, and strengthen its cash position. This prudent cash management underscores the company's financial health and resilience in achieving its strategic objectives.

The Company monitors its cash inflows and outflows on a daily basis. Cash management and investment strategies are planned well in advance to maximize returns. Operating cash flows contracted in 2022 mainly on account of utilization of customer advances of year 2021, increase in finished goods tractor inventories and sales tax refund accumulation in 2022.

Net cash used in investing activities depicts cash utilization on account of fixed capital expenditure. Moreover, in current year fixed capital expenditures mainly represented additions related to turnaround initiatives, IT infrastructure upgrade, replacement of essentials plant and machinery at manufacturing plant and staff wellbeing. Company expects to generate additional returns on the investments being made in assets.

## Segmental Review of Business

### Market Segment / Share

The agricultural sector stands as the cornerstone of Pakistan’s economy, constituting a vital segment of the nation’s GDP and employing most of its workforce. However, the tractor industry has grappled with formidable challenges stemming from a perfect storm of factors including drastic rupee devaluation, record-high inflation rates, political turbulence, and governmental restrictions on imported components. This confluence has led to unprecedented spikes in material costs and disruptions in the procurement of essential parts. Moreover, the imposition of an additional super tax on profits for both the current and preceding years has further dented the profitability landscape for companies within the sector.

Among these entities, Al-Ghazi Tractors Limited (AGTL) holds a significant position as the second-largest player in Pakistan’s tractor industry, commanding a 36% market share, while competitors control the remaining 64%.

However, AGTL has experiencing a decline in market share compared to the previous year. This decline can be attributed to the formidable macroeconomic challenges plaguing the nation and the tractor industry. The ongoing severe rupee devaluation, coupled with continued restrictions on imports by the central bank and persistent political instability, have compounded matters, leading to unprecedented escalations in material costs and disruptions in the timely arrival of imported parts.

In light of these adversities, AGTL’s sales figures for the year reflect the toll of these challenges, with the company selling 15,420 tractors compared to the previous year’s tally of 19,929 units.

### Operating Segments

The company’s primary focus remains on the manufacturing and/or sale of agricultural tractors, implements, and spare parts. This core activity forms the backbone of its operations and revenue streams.

In line with its business structure and operational focus, the financial statements of the company have been meticulously prepared, consolidating all relevant financial data under a single reportable segment. This approach ensures transparency and coherence in financial reporting, allowing stakeholders to gain a comprehensive understanding of the company’s performance within its core business domain. By adhering to this reporting framework, the company maintains clarity and consistency in presenting its financial position and operational results to investors, regulators, and other stakeholders.

