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 2024, the Tractor industry faced significant challenges due to a convergence of severe rupee devaluation, 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 14,269 tractors, showcasing the company's resilience and determination. Building on the solid foundation of selling 15,420 tractors in 2023, 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:

	2024	2023
	Rupees '000	
Sales	34,574,430	34,543,545
Gross Profit	8,434,686	6,423,068
Profit before taxation and levy	5,708,700	4,687,092
Taxation	(2,164,199)	(2,075,320)
Profit after tax	3,542,275	2,611,772

Production and sales volumes for the years 2024 and 2023 are as follows:

	Units	
	2024	2023
Sales	14,269	15,420
Production	14,069	14,317

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
Manufactured Capital	
Product Development	Research and Development projects undertaken in collaboration with CNHi to enable production of high-quality tractors bearing low cost.
Increase in Market Share	Aggressive marketing strategies resulting in 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.
Human Capital	
Health, Safety and Environment	Effective system of horticulture and annual plantation project results in better environment for the employees.
Training and Education	Continuous training of employees and workers. Monitoring training need analysis with special focus on safety at work.
Relationship Capital	
Supplier relationship	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

	2024	2023	2022	2021	2020	2019
Quantitative Data						
Units:						
Sales	14,269	15,420	19,929	18,156	12,142	15,719
Production	14,069	14,317	21,216	17,120	12,654	15,400
			Rupees '000			
Profitability						
Revenue	34,574,430	34,543,545	28,201,812	20,578,906	11,935,172	13,992,388
Gross profit	8,434,686	6,423,068	5,061,446	4,721,228	2,766,012	2,544,716
Depreciation	387,530	187,795	120,952	84,846	81,512	80,836
Operating Profit (before investment income)	5,624,169	4,241,652	3,688,799	4,078,670	1,887,289	1,330,943
Investment income	82,305	444,249	107,150	91,060	40,618	17,581
Profit before taxation	5,706,474	4,685,901	3,795,949	4,169,730	1,927,907	1,348,524
Income tax expense	2,166,425	2,075,320	1,639,905	1,211,868	578,250	370,872
Profit for the year	3,542,275	2,611,772	2,156,044	2,957,862	1,349,657	977,652
Earnings before investment income, tax and depreciation (EBITDA)	6,013,925	4,430,638	3,809,751	4,163,516	1,968,801	1,411,779
Manpower Cost - Direct	819,334	680,089	515,339	397,871	302,194	345,368
Manpower Cost - Indirect	631,167	596,291	356,872	263,703	283,646	287,773
Total Manpower Cost	1,450,501	1,276,380	872,211	661,574	585,840	633,141
Financial position						
Fixed assets	2,289,706	1,608,167	1,331,267	1,108,805	1,066,974	1,068,382
Other non-current assets	16,219	16,919	20,473	11,334	4,941	4,757
Employee benefit prepayments	-	32,039	-	8,481	36,197	-
Deferred tax asset	79,051	129,972	101,819	85,553	111,756	87,090
	2,384,976	1,787,097	1,453,559	1,214,173	1,219,868	1,160,229
	20,391,742	14,229,633	12,280,729	9,490,115	5,183,444	5,475,383
Current assets	18,006,766	12,442,536	10,827,170	8,275,942	3,963,576	4,315,154
Current liabilities	11,002,538	8,299,836	8,990,546	5,467,934	2,849,239	4,442,078
Net working capital	7,004,228	4,142,700	1,836,624	2,808,008	1,114,337	(126,924)
Less: Non-current liabilities	192,291	149,572	158,098	48,914	46,083	129,588
Capital employed	9,196,913	5,780,225	3,132,085	3,973,267	2,288,122	903,717
Represented by:						
Share capital	289,821	289,821	289,821	289,821	289,821	289,821
Reserves	-	-	-	-	1,049,000	-
Unappropriated profit	8,907,092	5,490,404	2,842,264	3,683,446	949,301	613,896
	9,196,913	5,780,225	3,132,085	3,973,267	2,288,122	903,717
Cash Flows						
Operating activities	(530,813)	3,051,290	(4,270,631)	4,630,496	2,125,302	1,936,798
Investing activities	(973,273)	(11,685)	(162,817)	(34,067)	(38,909)	(303,716)
Financing activities	756,727	(1,234,748)	2,353,917	(1,240,189)	(4,708)	(1,393,589)

ANALYSIS OF FINANCIAL RATIOS

	2024	2023	2022	2021	2020	2019
Analysis of Financial Ratios						
Profitability Ratios						
Gross profit ratio	24.40%	18.59%	17.60%	22.94%	23.18%	18.19%
Pre-tax profit ratio	16.50%	13.57%	13.46%	20.26%	16.15%	9.64%
Net profit to Sales	10.25%	7.56%	7.65%	14.37%	11.31%	6.99%
EBITDA margin to sales	17.39%	12.83%	13.51%	20.23%	16.50%	10.09%
Operating Leverage ratio	399.68	0.72	-0.23	1.54	-2.68	2.25
Return on asset	17.37%	18.35%	17.56%	31.17%	26.04%	17.86%
Return on Equity / Capital employed	38.52%	45.18%	68.84%	74.44%	58.99%	108.18%
Liquidity Ratios						
Current Ratio	1.64	1.50	1.20	1.51	1.39	0.97
Quick Ratio	1.11	0.77	0.62	0.99	0.69	0.34
Cash to current liabilities	0.09	0.21	0.08	0.37	0.08	0.04
Activity / Turnover Ratios						
Inventory turnover ratio	4.41	4.96	5.71	6.50	3.83	3.64
Receivables turnover ratio	14	427	339	9,455	2,480	423
Creditors turnover ratio	7	11	16	18	28	26
Fixed assets turnover ratio	15.10	21.48	21.18	18.56	11.19	13.10
Total assets turnover ratio	1.70	2.43	2.30	2.17	2.30	2.56
Operating Cycle						
No. of days in inventory	83	74	64	56	95	100
No. of days in receivables	27	1	1	0	0	1
No. of days in payables	54	33	22	21	13	14
Operating Cycle	56	42	43	36	83	87
Capital Structure Ratios						
Financial leverage ratio	0.31	0.31	0.38	0.39	0.75	0.88
Weighted average cost of debt	2.65%	3.84%	3.84%	0.00%	0.00%	10.87%
Debt to equity ratio (As per book value)	0.26	0.29	1.18	0.00	0.08	4.02
Debt to equity ratio (As per market value)	0.06	0.06	0.17	0.00	0.00	0.00
Interest cover ratio	13.78	14.15	16.09	477.32	14.22	4.38
Investment / Market ratios						
Pre-Tax Earning per share (Basic and diluted) - Rs	98.45	80.84	65.49	71.94	33.26	23.26
Post-Tax Earning per share (Basic and diluted) - Rs	61.11	45.06	37.20	51.03	23.28	16.87
Price earnings ratio	9.20	8.12	8.55	6.60	15.95	21.79
Dividend yield ratio	0.00%	0.00%	0.00%	15.14%	5.76%	4.08%
Dividend ratio	-	-	-	6.60	17.37	24.50
Dividend payout ratio	0.00%	0.00%	0.00%	100.00%	91.86%	88.93%
Dividend cover	-	-	-	1.00	1.09	1.12
Dividend per share						
- Cash	-	-	-	51.03	21.39	15.00
- Bonus	-	-	-	-	-	-
Dividend payout - Rs '000	-	-	-	2,957,862	1,239,854	869,463
Cash dividend - %	0%	0%	0%	1021%	428%	300%
Market value per share - Rs						
- Closing	562.0	366.0	318.0	337.0	371.5	367.5
- High	600.0	462.4	470.0	408.0	418.8	564.0
- Low	306.0	247.5	315.0	320.1	210.2	232.0
Market capitalisation - Rs Million	32,576	21,215	18,433	19,534	21,531	21,302
Breakup value per share - Rs	158.67	99.72	54.03	68.55	39.47	15.59
Market price to break up value	3.54	3.67	5.89	4.92	9.41	23.57
Earning Yield (%)	10.87%	12.31%	11.70%	15.14%	6.27%	4.59%

Comments on Ratios

Profitability Ratios

The growth in the Company's profitability ratios during the year 2024 indicates a focus on efficient management of resources. The gross profit ratio stands at 24.4%, YOY growth of 5.9%, demonstrating efficient management of production costs. The pre-tax profit ratio is strong at 16.5, YOY growth of 3%, indicating robust operational efficiency and effective cost management strategies. The net profit to sales ratio is at 10.2%, YOY growth of 2.7% showcasing the company's ability to convert sales revenue into net income. Additionally, the EBITDA margin to sales ratio is healthy at 17.39%, YOY growth of 5% 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 17.37% and 38.52%, respectively, indicating efficient utilization of assets and shareholder equity to generate profits.

Liquidity and Turnover Ratios

The company's liquidity ratios for 2024 depict a healthy financial position. The current ratio of 1.64 and quick ratio of 1.11 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 0.09, 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 2024 exhibit mixed results. The pre-tax earnings per share (EPS) and post-tax EPS are commendable at Rs 98.45 and Rs 61.11, respectively, indicating strong earnings potential for shareholders. However, the price-earnings ratio is relatively low at 9.20, 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 600 and a low of Rs 306. The market capitalization stands at Rs 32,576 million, reflecting the total market value of the company's outstanding shares.

Operating Cycle

The operating cycle analysis for the year 2024 provides insights into the efficiency of the company's operational processes. The number of days in inventory, which stands at 83 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 number of days receivable stands at 27 days, reflecting a change in the Company's policy from last year to support customers in challenging economic situation. A major portion of this is related to the contractual receivables from Government institutions for subsidized amounts to farmers. Efficiency in receivables contributes to a shorter cash conversion cycle and ensures that funds are readily available for the company's operations.

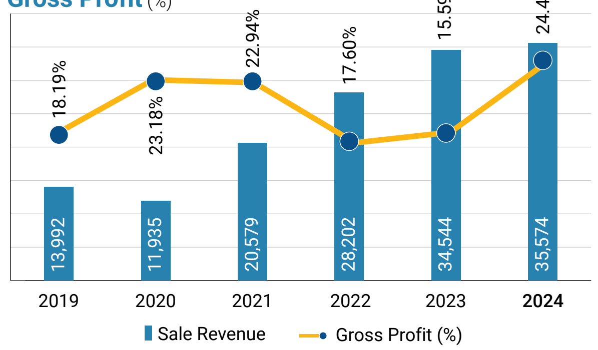
Capital Structure Ratios

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 2.65%, indicating the cost of debt on the minimal side. The debt-to-equity ratio is moderate at 0.26 based on book value and significantly lower at 0.06 based on market value, indicating a conservative approach in financing of major portion through equity. The interest cover ratio of 13.78 suggests that the company can comfortably meet its interest obligations with its earnings.

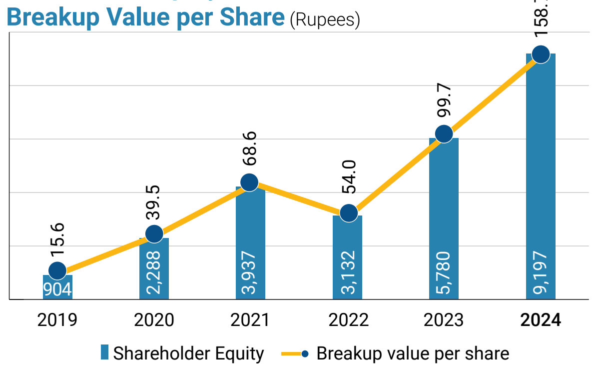
In conclusion, the company's financial analysis for 2024 reflects strong profitability, liquidity, and turnover, coupled with a conservative capital structure. However, there may be opportunities to enhance market valuation through improved earnings multiples and dividend distributions.

GRAPHICAL ANALYSIS

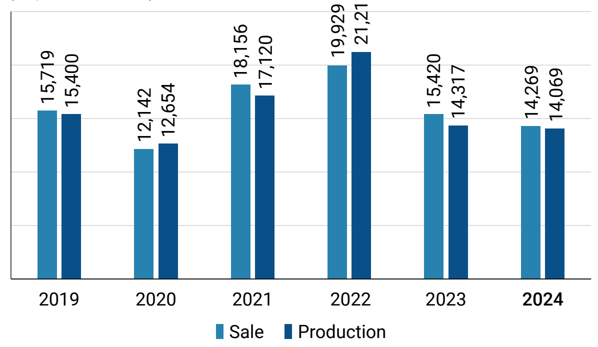
Sale Revenue (Rupees in million)
Gross Profit (%)



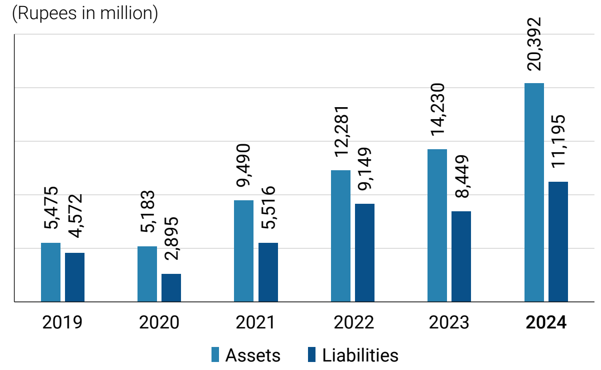
Shareholder Equity (Rupees in million)
Breakup Value per Share (Rupees)



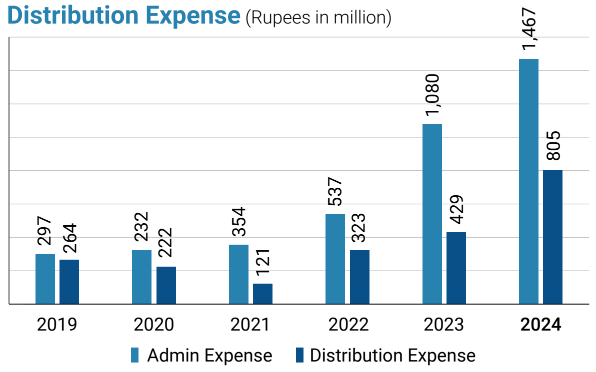
Sales and Production Units
(Rupees in million)



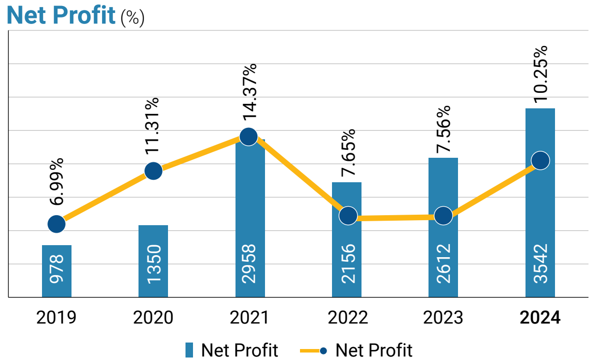
Assets and Liabilities
(Rupees in million)



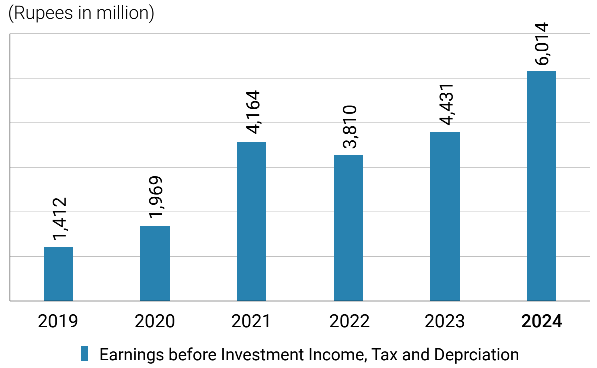
Admin Expense (Rupees in million)
Distribution Expense (Rupees in million)



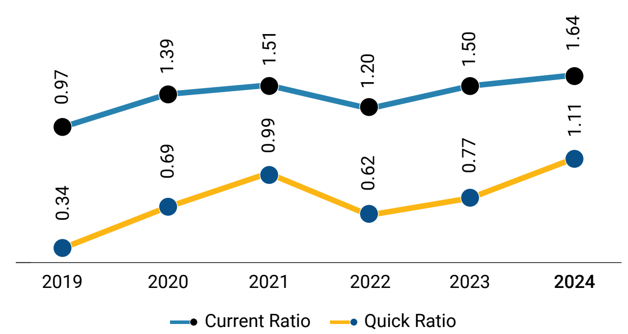
Net Profit (Rupees in million)
Net Profit (%)



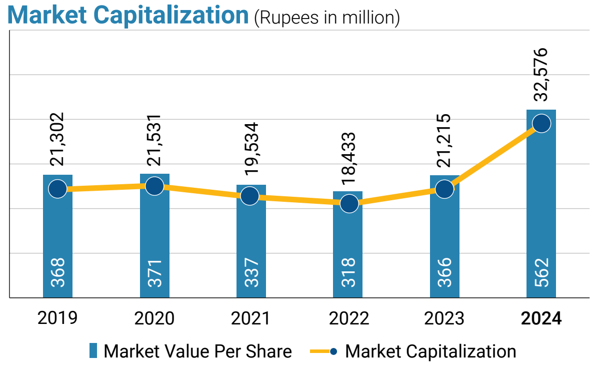
EBITDA
(Rupees in million)



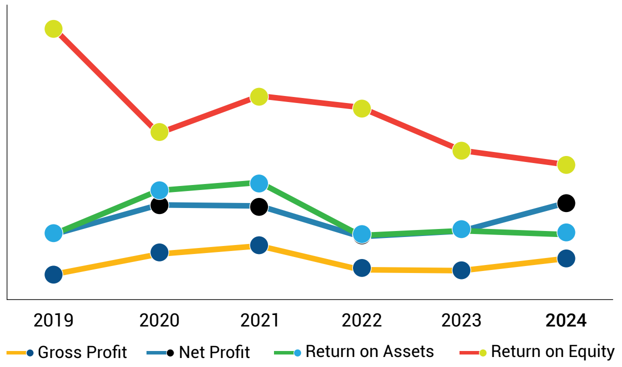
Current Ratio - Quick Ratio
(Percentage)



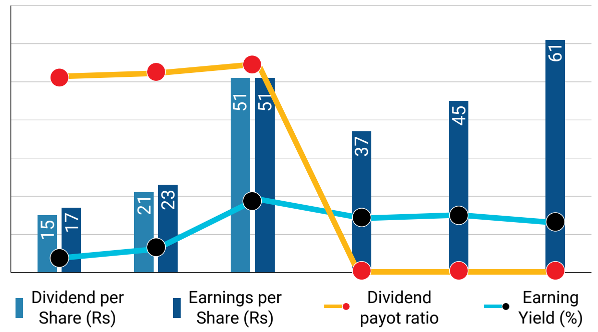
Market Value Per Share (Rupees)
Market Capitalization (Rupees in million)



Profitability & Return (Percentage)



Earning (Rupees)
and Distribution (Percentage)



SIX YEARS HORIZONTAL ANALYSIS

	2024	2023	2022	2021	2020	2019
			(Rupees '000)			
BALANCE SHEET						
Fixed assets	2,289,706	1,608,167	1,331,267	1,108,805	1,066,974	1,068,382
Long-term loans and deposits	16,219	16,919	20,473	11,334	4,941	4,757
Employee benefit prepayments	-	32,039	-	8,481	36,197	-
Deferred tax asset	79,051	129,972	101,819	85,553	111,756	87,090
Inventories	5,764,333	6,084,499	5,263,574	2,875,085	2,004,517	2,786,893
Trade receivables	5,052,051	-	161,820	4,651	-	9,624
Loan and advances	984,688	95,715	91,105	147,874	86,561	93,216
Trade deposits and short-term prepayments	107,456	324,848	372,903	114,772	24,925	7,398
Interest accrued	344	3,371	1,550	1,396	197	-
Other receivables	49,327	201	4,833	8,283	8,225	108,134
Taxation - payments less provision	-	-	-	142,313	157,786	347,462
Refunds due from the Government	5,072,477	4,210,453	4,203,395	2,983,446	1,450,847	773,334
Cash and bank balances	976,090	1,723,449	727,990	1,998,122	230,518	189,093
Total assets	20,391,742	14,229,633	12,280,729	9,490,115	5,183,444	5,475,383
Current liabilities	11,002,538	8,299,836	8,990,546	5,467,934	2,849,239	4,442,078
Non-current liabilities	192,291	149,572	158,098	48,914	46,083	129,588
Total liabilities	11,194,829	8,449,408	9,148,644	5,516,848	2,895,322	4,571,666
Capital employed	9,196,913	5,780,225	3,132,085	3,973,267	2,288,122	903,717
Share capital	289,821	289,821	289,821	289,821	289,821	289,821
Reserves	8,907,092	5,490,404	2,842,264	3,683,446	1,998,301	613,896
Capital employed	9,196,913	5,780,225	3,132,085	3,973,267	2,288,122	903,717
PROFIT AND LOSS ACCOUNT						
Revenue	34,574,430	34,543,545	28,201,812	20,578,906	11,935,172	13,992,388
Cost of sales	26,139,744	28,120,477	23,140,366	15,857,678	9,164,670	11,447,672
Gross profit	8,434,686	6,423,068	5,061,446	4,721,228	2,770,502	2,544,716
Distribution expenses	804,790	428,974	322,944	120,631	221,904	263,946
Administrative expenses	1,466,521	1,080,879	536,715	353,849	322,675	296,763
	6,163,375	4,913,215	4,102,618	4,246,748	2,225,923	1,984,007
Other income	315,630	560,091	184,613	146,057	58,798	61,423
Other operating expenses	323,530	429,812	345,416	214,321	211,025	298,443
	6,155,475	5,043,494	3,941,815	4,178,484	2,073,696	1,746,987
Finance cost	446,775	356,402	245,035	8,754	145,789	398,463
Profit before taxation	5,708,700	4,687,092	3,795,949	4,169,730	1,927,907	1,348,524
Income tax expense	2,166,425	2,075,320	1,639,905	1,211,868	578,250	370,872
Profit for the year	3,542,275	2,611,772	2,156,044	2,957,862	1,349,657	977,652

Increase / (decrease) from preceeding year in Rs 000

	2024	2023	2022	2021	2020	2019
			(Rupees '000)			
BALANCE SHEET						
Fixed assets	681,539	276,900	222,462	41,831	(1,408)	239,578
Long-term loans and deposits	(700)	(3,553)	9,139	6,393	184	61
Employee benefit prepayments	(32,039)	32,039	(8,481)	(27,716)	36,197	-
Deferred tax asset	(50,921)	28,153	16,266	(26,203)	24,666	87,090
Inventories	(320,166)	820,925	2,388,489	870,568	(782,376)	(720,695)
Trade receivables	5,052,051	(161,820)	157,169	4,651	(9,624)	(46,982)
Loan and advances	888,973	4,610	(56,769)	61,313	(6,655)	(39,121)
Trade deposits and short-term prepayments	(217,392)	(48,055)	258,131	89,847	17,527	(35,907)
Interest accrued	(3,027)	1,821	154	1,199	197	(1)
Other receivables	49,126	(4,632)	(3,450)	58	(99,909)	95,170
Taxation - payments less provision	-	-	(142,313)	(15,473)	(189,676)	239,422
Refunds due from the Government	862,024	7,058	1,219,949	1,532,599	677,513	(1,023,872)
Cash and bank balances	(747,359)	995,459	(1,270,132)	1,767,604	41,425	(104,817)
Total assets	6,162,109	1,948,904	2,790,614	4,306,671	(291,939)	(1,310,074)
Current liabilities	2,702,702	(690,710)	3,522,612	2,618,695	(1,592,839)	(857,883)
Non-current liabilities	42,719	(8,526)	109,184	2,831	(83,505)	13,489
Total liabilities	2,745,421	(699,236)	3,631,796	2,621,526	(1,676,344)	(844,394)
Capital employed	3,416,688	2,648,140	(841,182)	1,685,145	1,384,405	(465,680)
Share capital	-	-	-	-	-	-
Reserves	3,416,688	2,648,140	(841,182)	1,685,145	1,384,405	(465,680)
Capital employed	3,416,688	2,648,140	(841,182)	1,685,145	1,384,405	(465,680)
PROFIT AND LOSS ACCOUNT						
Revenue	30,885	6,341,733	7,622,906	8,643,734	(2,057,216)	(5,380,134)
Cost of sales	(1,980,733)	4,980,111	7,282,688	6,693,008	(2,283,002)	(3,259,366)
Gross profit	2,011,618	1,361,622	340,218	1,950,726	225,786	(2,120,768)
Distribution expenses	375,816	106,030	202,313	(101,273)	(42,042)	(13,004)
Administrative expenses	385,642	544,164	182,866	31,174	25,912	(8,662)
	1,250,160	810,597	(144,130)	2,020,825	241,916	(2,099,102)
Other income	(244,461)	375,478	38,556	87,259	(2,625)	(479)
Other operating expenses	(106,282)	84,396	131,095	3,296	(87,418)	13,835
	1,111,981	1,101,679	(236,669)	2,104,788	326,709	(2,113,416)
Finance cost	90,373	111,367	236,281	(137,035)	(252,674)	272,895
Profit before taxation	1,021,608	891,143	(373,781)	2,241,823	579,383	(2,386,311)
Income tax expense	91,105	435,415	428,037	633,618	207,378	(911,449)
Profit for the year	930,503	455,728	(801,818)	1,608,205	372,005	(1,474,862)

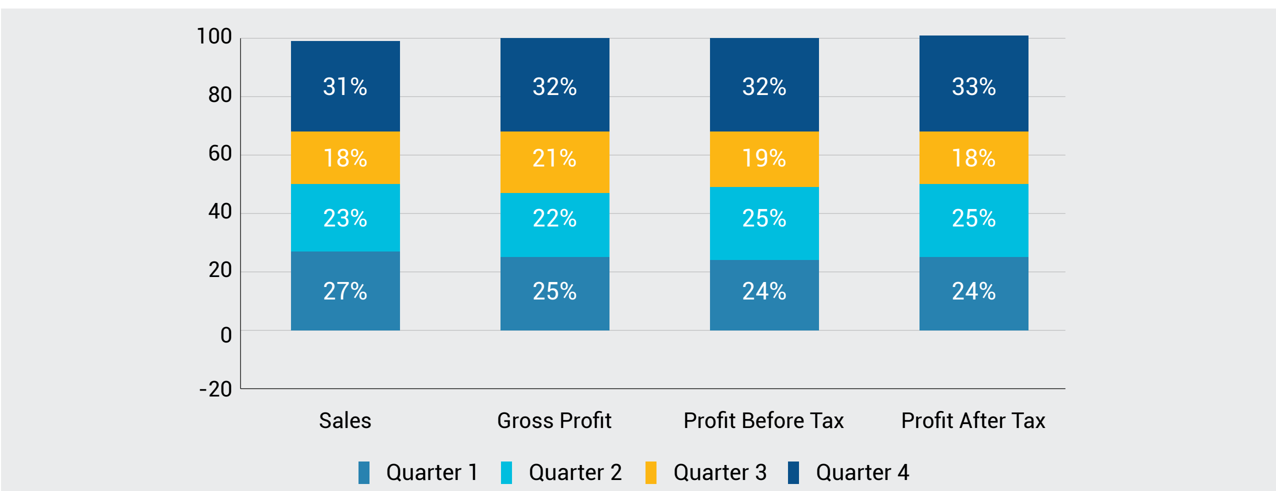
SIX YEARS VERTICAL ANALYSIS

Increase / (decrease) from preceeding year in Rs 000

	2024 (Rupees '000)	2024 %age	2023 (Rupees '000)	2023 %age	2022 (Rupees '000)	2022 %age	2021 (Rupees '000)	2021 %age	2020 (Rupees '000)	2020 %age	2019 (Rupees '000)	2019 %age
BALANCE SHEET												
Fixed assets	2,289,706	7.25%	1,608,167	7.09%	1,331,267	42.50%	1,108,805	27.91%	1,066,974	46.63%	1,068,382	118.22%
Long-term investments	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	-
Long-term loans and deposits	16,219	0.05%	16,919	0.07%	20,473	0.65%	11,334	0.29%	4,941	0.22%	4,757	0.53%
Employee benefit prepayments	-	0.00%	32,039	0.14%	-	0.00%	8,481	0.21%	36,197	1.58%	-	-
Deferred tax asset	79,051	0.25%	129,972	0.57%	101,819	3.25%	85,553	2.15%	111,756	4.88%	87,090	9.64%
Inventories	5,764,333	18.25%	6,084,499	26.83%	5,263,574	168.05%	2,875,085	72.36%	2,004,517	87.61%	2,786,893	308.38%
Trade receivables	5,052,051	15.99%	-	0.00%	161,820	5.17%	4,651	0.12%	-	0.00%	9,624	1.06%
Loan and advances	984,688	3.12%	95,715	0.42%	91,105	2.91%	147,874	3.72%	86,561	3.78%	93,216	10.31%
Trade deposits and short-term prepayments	107,456	0.34%	324,848	1.43%	372,903	11.91%	114,772	2.89%	24,925	1.09%	7,398	0.82%
Interest accrued	344	0.00%	3,371	0.01%	1,550	0.05%	1,396	0.04%	197	0.01%	-	0.00%
Other receivables	49,327	0.16%	201	0.00%	4,833	0.15%	8,283	0.21%	8,225	0.36%	108,134	11.97%
Taxation - payments less provision	-	0.00%	-	0.00%	-	0.00%	142,313	3.58%	157,786	6.90%	347,462	38.45%
Refunds due from the Government	5,072,477	16.06%	4,210,453	18.57%	4,203,395	134.20%	2,983,446	75.09%	1,450,847	63.41%	773,334	85.57%
Other financial assets	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Cash and bank balances	976,090	3.09%	1,723,449	7.60%	727,990	23.24%	1,998,122	50.29%	230,518	10.07%	189,093	20.92%
Total assets	20,391,742	64.56%	14,229,633	62.74%	12,280,729	392.09%	9,490,115	238.85%	5,183,444	226.54%	5,475,383	605.87%
Current liabilities	11,002,538	34.83%	8,299,836	36.60%	8,990,546	287.05%	5,467,934	137.62%	2,849,239	124.52%	4,442,078	491.53%
Non-current liabilities	192,291	0.61%	149,572	0.66%	158,098	5.05%	48,914	1.23%	46,083	2.01%	129,588	14.34%
Total liabilities	11,194,829	35.44%	8,449,408	37.26%	9,148,644	292.09%	5,516,848	138.85%	2,895,322	126.54%	4,571,666	505.87%
Capital employed	31,586,571	100.00%	22,679,041	100.00%	3,132,085	100.00%	3,973,267	100.00%	2,288,122	100.00%	903,717	100.00%
Share capital	289,821	0.92%	289,821	1.28%	289,821	9.25%	289,821	7.29%	289,821	12.67%	289,821	32.07%
Reserves	8,907,092	28.20%	5,490,404	24.21%	2,842,264	90.75%	3,683,446	92.71%	1,998,301	87.33%	613,896	67.93%
Capital employed	9,196,913	29.12%	5,780,225	25.49%	3,132,085	100.00%	3,973,267	100.00%	2,288,122	100.00%	903,717	100.00%
PROFIT AND LOSS ACCOUNT												
Revenue	34,574,430	100.00%	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%
Cost of sales	26,139,744	75.60%	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%
Gross profit	8,434,686	24.40%	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%
Distribution expenses	804,790	2.33%	428,974	1.24%	322,944	1.15%	120,631	0.59%	221,904	1.86%	263,946	1.89%
Administrative expenses	1,466,521	4.24%	1,080,879	3.13%	536,715	1.90%	353,849	1.72%	322,675	2.70%	296,763	2.12%
	6,163,375	17.83%	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%
Other income	315,630	0.91%	560,091	1.62%	184,613	0.65%	146,057	0.71%	58,798	0.49%	61,423	0.44%
Other operating expenses	323,530	0.94%	429,812	1.24%	345,416	1.22%	214,321	1.04%	211,025	1.77%	298,443	2.13%
	6,155,475	17.80%	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%
Finance cost	446,775	1.29%	356,402	1.03%	245,035	0.87%	8,754	0.04%	145,789	1.22%	398,463	2.85%
Profit before taxation	5,708,700	16.51%	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%
Income tax expense	2,166,425	6.27%	2,075,320	6.01%	1,639,905	5.81%	1,211,868	5.89%	578,250	4.84%	370,872	2.65%
Profit for the year	3,542,275	10.25%	2,611,772	7.56%	2,156,044	7.65%	2,957,862	14.37%	1,349,657	11.31%	977,652	6.99%

QUARTERLY ANALYSIS

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Annual
	Mar-24	Jun-24	Sep-24	Dec-24	
Revenue	9,496,684	8,043,836	6,295,040	10,738,870	34,574,430
Cost of sales	(7,386,468)	(6,214,475)	(4,533,759)	(8,005,042)	(26,139,744)
Gross profit	2,110,216	1,829,361	1,761,281	2,733,828	8,434,686
Gross profit %	22.2%	22.7%	28.0%	25.5%	24.4%
Distribution expenses	(181,225)	(16,259)	(184,664)	(422,642)	(804,790)
Administrative expenses	(395,130)	(339,698)	(427,693)	(304,000)	(1,466,521)
	(576,355)	(355,957)	(612,357)	(726,642)	(2,271,311)
Other income	32,058	192,342	46,970	44,260	315,630
Other operating expenses	(125,460)	(110,561)	(21,396)	(66,113)	(323,530)
Operating Profit	1,440,459	1,555,185	1,174,498	1,985,333	6,155,475
Finance cost	(50,131)	(108,285)	(107,833)	(180,526)	(446,775)
Profit before taxation	1,390,328	1,446,900	1,066,665	1,804,807	5,708,700
Income tax expense	(537,012)	(566,969)	(433,216)	(629,228)	(2,166,425)
Profit for the year	853,316	879,931	633,449	1,175,579	3,542,275
	9.0%	10.9%	10.1%	10.9%	10.2%



Quarterly Result Commentary for the Year 2024

Revenue Analysis

Throughout the year 2024, the company demonstrated consistent revenue growth, with quarterly revenues of Rs 9,497 M in Q1, Rs 8,044 M in Q2, Rs 6,295 M in Q3, and Rs 10,739 M in Q4, totaling Rs 34,574 M for the year. Notably, Q4 recorded the highest revenue, due to significant portion of the sales volume coming from "Green Tractor Scheme" in November and December.

Gross Profit Margin

The gross profit margin fluctuated across quarters, ranging from 22.2% in Q1 to a maximum of 28% in Q3, with an annual average of 24.4%. 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, Q4 witnessed a spike in distribution expenses due to the launch of NH 850.

Other Income and Expenses

The company generated additional income from non-operating sources, contributing Rs 316 M for the year. Conversely, finance costs fluctuated, with significant expenses incurred in Q4, impacting overall profitability.

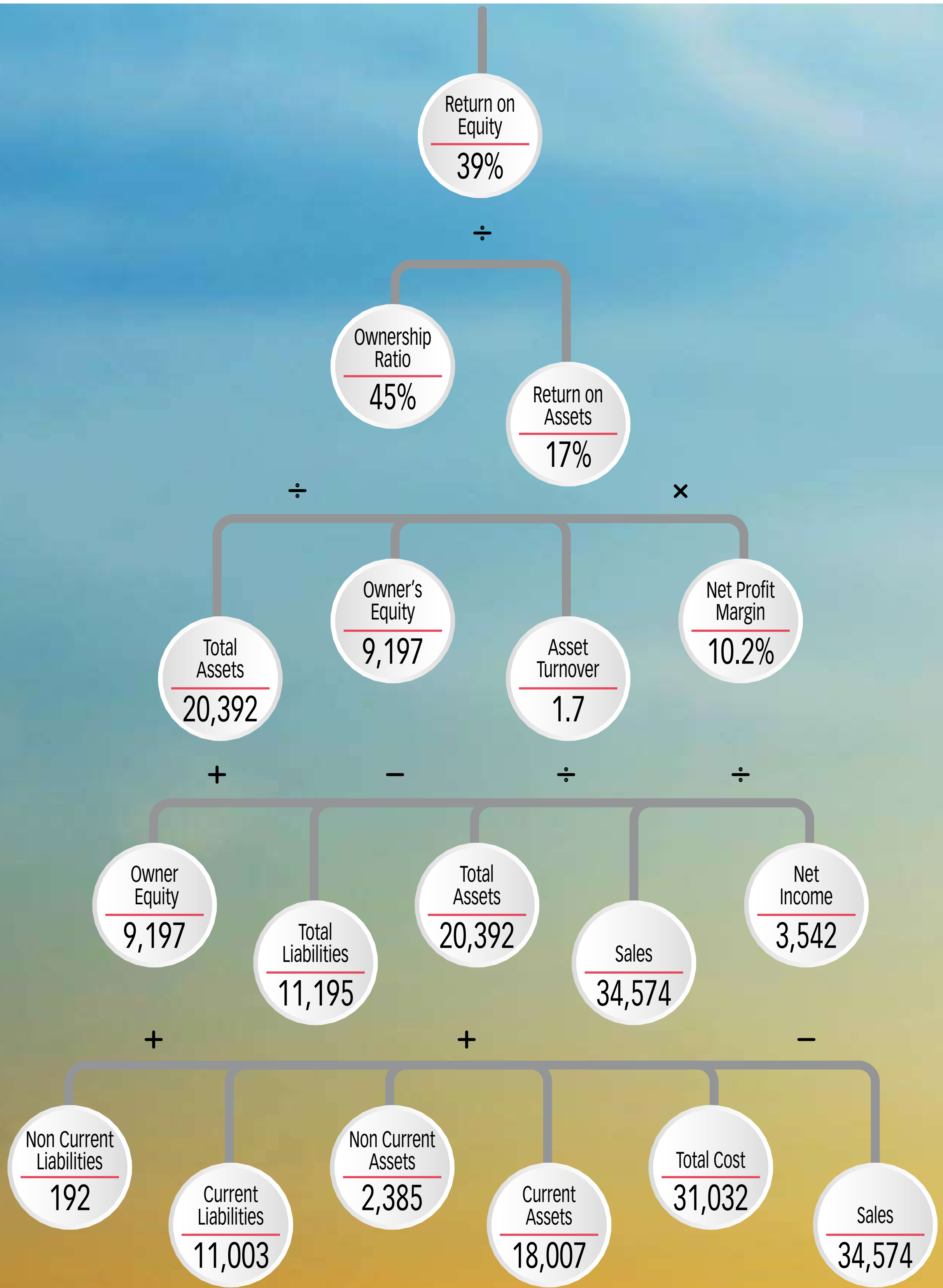
Profitability

Despite fluctuations in revenue and expenses, the company maintained a relatively stable net profit margin throughout the year, ranging from 9% to 11% across quarters, with an annual average of 10.2%. This consistency indicates effective cost management and operational efficiency, resulting in sustained profitability.

Overall Performance

The company's performance in 2024 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



(Rupees in millions)

Comments on Dupont Analysis

The DuPont analysis for the year 2024 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 1.7 indicates that for every rupee of total assets, the company generated Rs 1.7 in sales revenue. This suggests efficient utilization of assets to drive sales growth and revenue generation.

Profitability

With a net profit margin of 10.2%, the company effectively converted its sales revenue into net income. Growth in net profit 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 45%. This suggests that the company maintains a healthy balance of financing from debt and equity, indicating an efficient financial structure. Additionally, the return on assets (ROA) of 17% demonstrates the company's efficiency in generating profits from its assets.

Return on Equity (ROE)

The return on equity (ROE) of 39% 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 2024 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.

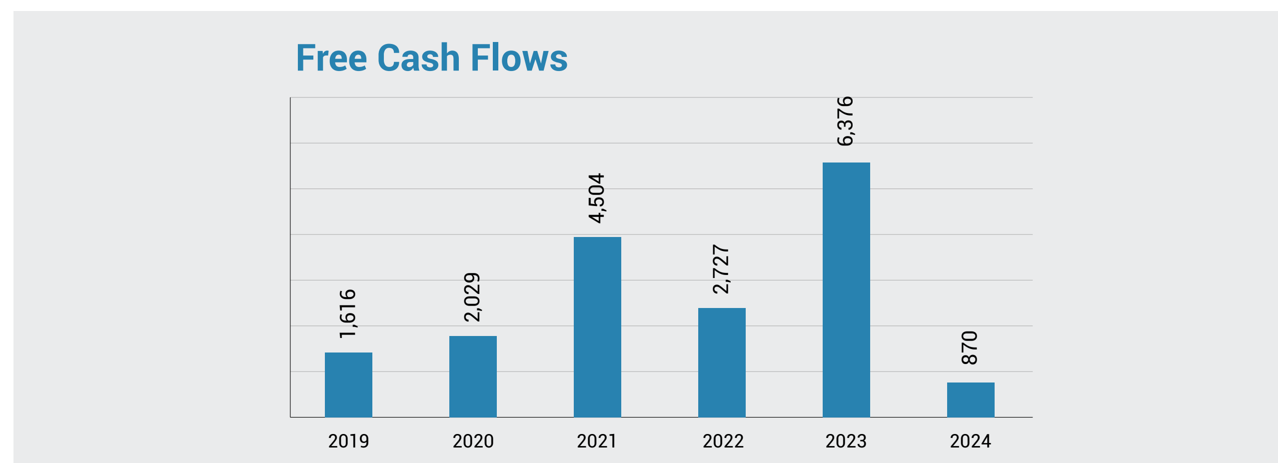
DIRECT CASH FLOW STATEMENT

For the year ended December 31, 2024

	2024	2023
	Rupees '000	
Cash flows from operating activities		
Cash receipts from customers	29,522,379	34,725,660
Cash paid to suppliers / service providers and employees	(26,361,604)	(29,146,863)
Workers Funds	(359,280)	(356,460)
Income tax paid	(2,123,188)	(1,908,092)
Sales tax refund / (Payment)	(862,024)	(7,058)
Finance costs paid	(279,288)	(227,024)
Retirment benefits	(67,406)	(61,974)
Loans, deposits & other operating income - net	(1,506)	33,895
(Decrease) / increase in long-term loans	1,104	(793)
Net Cash (used) / generated from operating activities	(530,813)	3,051,290
Cash flows from investing activities		
Fixed Capitale Expenditure	(1,069,069)	(468,994)
Proceeds from disoposal of fixed asssets	10,464	14,881
Return on bank deposits	85,332	442,428
Net Cash (used) / generated from investing activities	(973,273)	(11,685)
Cash flows from financing activities		
Dividend paid	(4,580)	(9,853)
Musharkah facility obtained	780,638	(1,136,320)
Recovery of other financial asset	-	44,000
Short term boworring obtained	-	(115,000)
Lease rentals paid	(19,331)	(17,574)
Net cash inflow / (outflow) from financing activities	756,727	(1,234,747)
Net (decrease) / increase in cash and cash equivalents	(747,359)	1,804,858
Cash and cash equivalents at beginning of the year	1,723,449	(81,409)
Cash and cash equivalents at end of the year	976,090	1,723,449

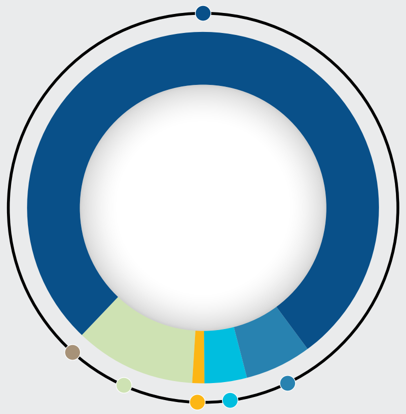
FREE CASH FLOWS

	2024	2023	2022	2021	2020	2019
	Rupees '000					
Profit before taxation	5,708,700	4,687,092	3,795,949	4,169,730	1,927,907	1,348,524
Adjustment of non cash items	666,586	(147,678)	175,530	14,896	204,542	475,355
Working capital changes	(4,435,815)	2,306,076	(971,384)	445,869	(8,803)	112,919
Net cash generated from operating activities	1,939,471	6,845,490	3,000,096	4,630,495	2,123,646	1,936,798
Capital expenditure	(1,069,069)	(468,994)	(272,627)	(126,743)	(94,945)	(320,631)
Free Cash flows	870,402	6,376,496	2,727,469	4,503,752	2,028,701	1,616,167



STATEMENT OF VALUE ADDITION

	2024		2023	
	Rs '000	%	Rs '000	%
Wealth Generated				
Sales	34,574,430	99.1%	34,543,545	98.4%
Other income	315,630	0.9%	560,091	1.6%
	34,890,060	100%	35,103,636	100%
Distribution of Wealth				
Cost of sales & overheads (excluding remuneration)	27,284,084	78%	28,783,762	82%
To employees as remuneration	1,450,501	4%	1,276,380	4%
To government as tax	2,166,425	6%	2,075,320	6%
WPPF and WWF	422,896	1%	356,460	1%
To shareholders as dividend	-	0%	-	0%
Cash Retained within the business	3,566,154	10%	2,611,714	7%
	34,890,060	100%	35,103,636	100%



78% Cost of sales and overheads
6% To government as tax
4% To employees as remuneration
1% WPPF and WWF
11% Retained within the business
0% To shareholders as dividend

Statement of Value Addition Commentary for 2024

The statement of value addition for the year 2024 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 34,890m in wealth during 2024, representing a slight decrease from the previous year's figure of Rs 35,104m. The decrease is mainly due to decrease in other income (316m in 2024 vs 560m in 2023). The major growth in wealth generation is primarily attributed to the substantial increase in sales revenue amount due to price increase, which accounted for 99.1% of total wealth generated, reflecting the company's successful revenue generation efforts and market expansion strategies. Additionally, other income contributed 0.9% to the total wealth, which was 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 78%, 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.

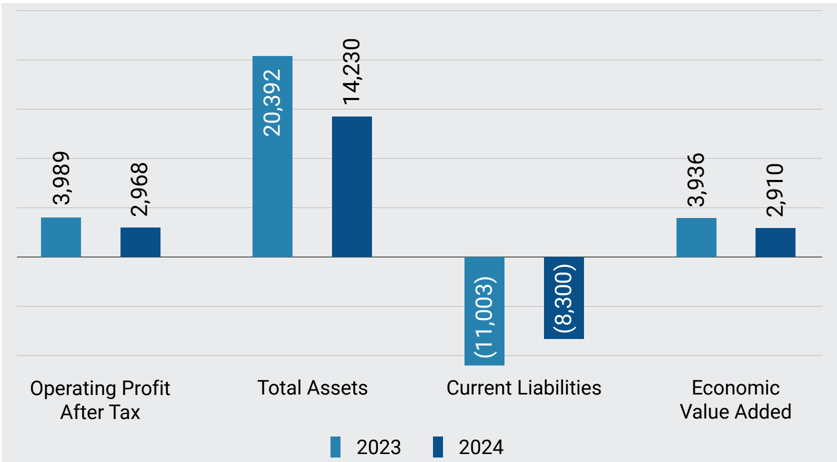
Retention of Value

Despite the substantial distribution of wealth to various stakeholders, the company retained 10% of total wealth within the business, amounting to Rs 3,566m. 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 2024 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

	2024	2023
	Rupees '000	
Net Operating Profit after Tax	3,989,050	2,968,174
Cost of Capital	(52,745)	(58,094)
Economic Value Added	3,936,305	2,910,081
Total Assets	20,391,742	14,229,633
Current Liabilities	(11,002,538)	(8,299,836)
Invested Capital	9,389,204	5,929,797
WACC	0.56%	0.98%
Cost of Capital	52,745	58,094



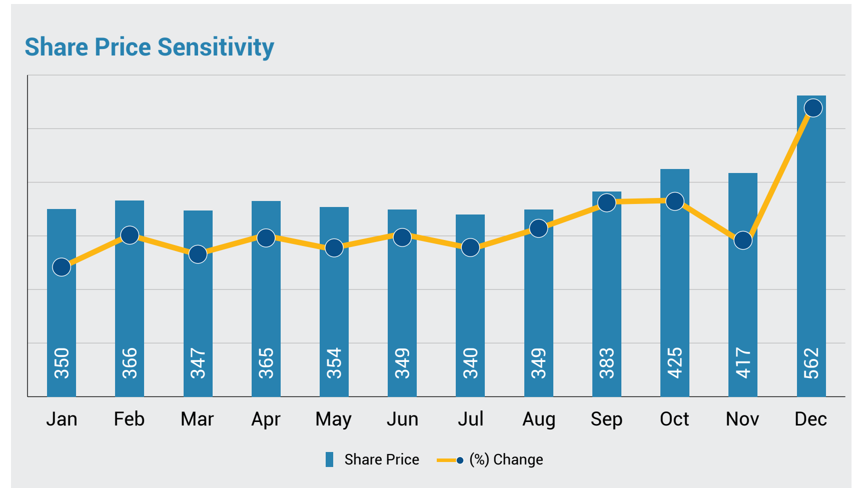
Comments on Economic Value Added (EVA)

The economic value added (EVA) analysis for the years 2024 and 2023 reveals a positive trend in the company's performance. In 2024, the net operating profit after tax amounted to Rs 3,989m marking a significant increase from the previous year's figure of Rs 2,968m. This increase in profitability contributed to the growth of economic value added, which reached Rs 3,936m in 2024 compared to Rs 2,910m in 2023.

Furthermore, the company's invested capital witnessed a substantial increase from Rs 5,929m in 2023 to Rs 9,389m in 2024, 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.

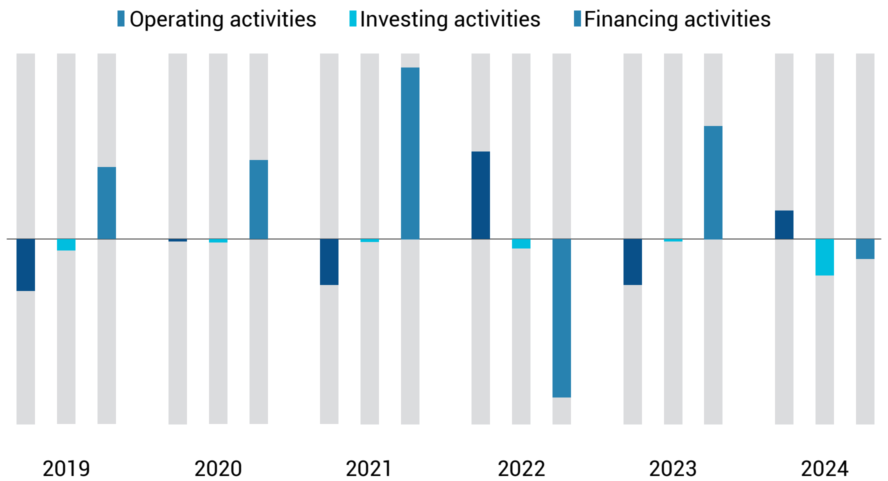
Exchange Fluctuation

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. The 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.

SUMMARY OF STATEMENT OF CASH FLOWS LAST SIX YEARS

	2024	2023	2021	2020	2019	2018
	Rupees '000					
Net cash (used in) / generated from operating activities	(530,813)	3,051,290	(4,270,631)	4,630,496	2,125,302	1,936,798
Net cash used in investing activities	(973,273)	(11,685)	(162,817)	(34,067)	(38,909)	(303,716)
Net cash generated from / (used in) financing activities	756,727	(1,234,748)	2,353,917	(1,240,189)	(4,708)	(1,393,589)
Net (decrease) / increase in cash and cash equivalents	(747,359)	1,804,857	(2,079,531)	3,356,240	2,081,685	239,493
Cash and cash equivalents as at the beginning of the year	1,723,449	(81,409)	1,998,122	(1,358,118)	(3,439,803)	(3,679,296)
Cash and cash equivalents as at the end of the year	976,090	1,723,449	(81,409)	1,998,122	(1,358,118)	(3,439,803)



Comments on Cash flow Analysis:

The cash flow statement for the year 2024 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 -531m, this is due to uncollected subsidy amount of Rs 5 billion from Govt. of Punjab against GTS invoicing however, other than 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 973m 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 inflow in financing activities amounted to Rs 756m, indicating cash inflows related to financing activities mainly musharkha facility This 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, 2024 stood at PKR 5.5 billion.

Net Increase in Cash

Overall, the company experienced a net decrease in cash and cash equivalents of Rs 747m during the year. This negative cash flow indicates that the company's cash outflows exceeded inflows, resulting in a negative 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 976m, lower than the beginning-of-year balance of Rs 1,723m. This decrease in cash reserves mainly due to receivable balances from Govt.

In conclusion, the cash flow statement for 2024 reflects the company's ability to generate positive cash flows (excluding Govt. subsidy receivable) 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.

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%.

AGTL has experienced a steady market share compared to the previous year. This 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 14,269 tractors compared to the previous year's tally of 15,420 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.