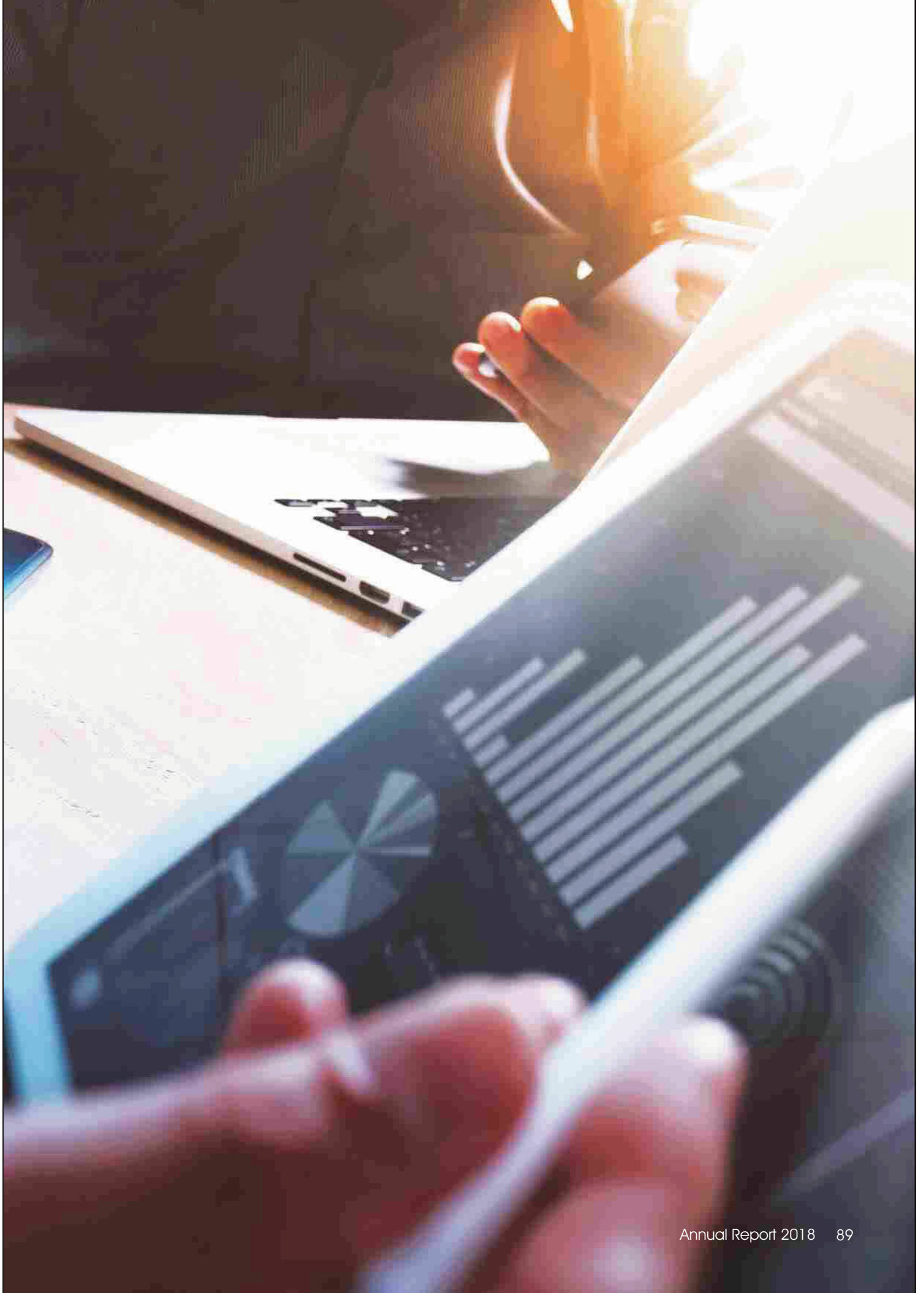




Performance and Position



Key Operating and Financial Data

	2018	2017	2016	2015	2014	2013
	(Rupees in '000)					
Sales	23,933	24,423	16,206	13,385	12,416	14,071
Production	24,823	24,091	16,005	13,584	13,014	14,055
Profitability						
Revenue	19,372,522	18,871,448	12,098,828	9,636,109	8,780,685	9,262,626
Gross profit	4,665,484	5,259,738	3,348,741	2,499,478	2,268,143	2,069,369
Investment income	29,033	108,055	125,039	424,444	435,143	378,450
Profit before taxation	3,734,835	4,585,013	2,877,525	2,392,046	2,251,937	2,023,294
Income tax expense	1,282,321	1,461,893	950,641	799,763	677,193	651,804
Profit for the year	2,452,514	3,123,120	1,926,884	1,592,283	1,574,744	1,371,490
Earnings before investment income, tax and depreciation (EBITDA)	3,775,863	4,536,000	2,810,598	2,013,749	1,859,004	1,683,845
Manpower Cost - Direct	375,240	336,868	266,484	224,434	183,387	204,828
Manpower Cost - Indirect	303,572	236,217	217,209	263,981	219,621	196,481
Total Manpower Cost	678,812	573,085	483,693	488,415	403,008	401,309
Financial position						
Fixed assets	828,804	714,732	649,897	612,208	466,751	404,433
Long-term investments	-	-	-	-	42,800	44,800
Other non-current assets	4,696	4,660	5,818	2,913	2,131	9,333
	833,500	719,392	655,715	615,121	511,682	458,566
Current assets	5,951,957	5,161,939	3,988,601	5,789,546	9,477,010	9,367,867
Current liabilities	5,299,961	3,670,255	1,202,327	549,079	1,349,292	1,537,894
Net working capital	651,996	1,491,684	2,786,274	5,240,467	8,127,718	7,829,973
Less: Non-current liabilities	116,099	85,260	82,520	67,008	87,905	69,580
Capital employed	1,369,397	2,125,816	3,359,469	5,788,580	8,551,495	8,218,959
Represented by:						
Share capital	289,821	289,821	289,821	289,821	289,821	214,682
Reserves	-	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Unappropriated profit	1,079,576	835,995	2,069,648	4,498,759	7,261,674	7,004,277
	1,369,397	2,125,816	3,359,469	5,788,580	8,551,495	8,218,959
CASH FLOWS						
Operating activities	(1,155,682)	3,827,376	3,239,509	619,833	1,078,632	1,175,686
Investing activities	(151,004)	10,187	986,817	3,702,394	(342,666)	522,032
Financing activities	(3,713,121)	(3,803,822)	(4,339,794)	(4,321,698)	(1,219,754)	(1,071,853)

Analysis of Financial and Non-Financial Performance

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

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

Financial Indicators

Actual Results

Year 2018 had been a challenging year, the Company experienced improved sales volumes in the first half of the year while depressed sales volumes experienced in second half. Despite challenging market situation, the Company was able to increase its revenue and market share. Though an increase in revenue was noted but the cost impact associated with the devaluation of rupee curtailed to translate such increase into corresponding profits. The Company was able to achieve after tax profit of Rs.2.4 billion.

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

	2018	2017
	(Rupees in '000)	
Revenue	19,372,522	18,871,448
Gross profit	4,665,484	5,259,738
Profit before taxation	3,734,835	4,585,013
Income tax expense	1,282,321	1,461,893
Profit for the year	2,452,514	3,123,120

Production and sales volumes for the year 2017 and 2018 are as follows:

	Units	
	2018	2017
Sales	23,933	24,423
Production	24,823	24,091

Budget vs Actuals

The Company has developed a system of budgeting which enables the preparation of a challenging yet achievable budget. The Company also performs forecasting at each quarter end to reflect the current market situation while projecting the rest of the period.

Achievement of the Company against budgeted revenue is as under:

Revenue Rs. In thousand

Budget 21,537,134

Actual 19,372,522

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

Methods and Assumptions in Compiling Indicators

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

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

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

Non-Financial Indicators

Objective	Monitoring
<p>Manufactured Capital</p> <p>Product Development</p> <p>Increase in Market Share</p>	<p>Research and Development projects undertaken in collaboration with CNHi to enable production of high quality tractors bearing low cost</p> <p>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</p>
<p>Economize on Cost – Eliminating Redundancies</p>	<p>Optimum utilization of resources resulting in elimination of redundant costs</p>
<p>Human Capital</p> <p>Health, Safety and Environment</p> <p>Training and Education</p>	<p>Effective system of horticulture and annual plantation project results in better environment for the employees.</p> <p>Continuous training of employees and workers. Monitoring training need analysis with special focus on safety at work</p>
<p>Relationship Capital</p> <p>Supplier relationship</p> <p>Customer relationship</p>	<p>Timely payment to vendors to enhance vendor confidence</p> <p>Providing exquisite after sales services and support services to enhance customer loyalty</p>

Analysis of Financial Ratios

	2018	2017	2016	2015	2014	2013
	(Rupees in '000)					
Profitability Ratios						
Gross profit ratio	24.08%	27.87%	27.68%	25.94%	25.83%	22.34%
Pre-tax profit ratio	19.28%	24.30%	23.78%	24.82%	25.65%	21.84%
Net profit to Sales	12.66%	16.55%	15.93%	16.52%	17.93%	14.81%
EBITDA margin to sales	19.49%	24.04%	23.23%	20.90%	21.17%	18.18%
Operating Leverage ratio	-6.31	1.10	1.55	0.85	-2.00	0.80
Return on asset	36.14%	53.10%	41.49%	24.86%	15.77%	13.96%
Return on Equity / Capital employed	179.09%	146.91%	57.36%	27.51%	18.41%	16.69%
Liquidity Ratios						
Current Ratio	1.12	1.41	3.32	10.54	7.02	6.09
Quick Ratio	0.46	0.78	2.13	6.61	5.40	4.98
Cash to current liabilities	0.06	0.37	1.10	4.24	2.91	1.50
Activity / Turnover Ratios						
Inventory turnover ratio	5.05	7.37	4.89	3.30	3.38	4.45
Receivables turnover ratio	565	129	79	464	98	34
Creditors turnover ratio	22	22	18	11	6	7
Fixed assets turnover ratio	23.37	26.40	18.62	15.74	18.81	22.90
Total assets turnover ratio	2.86	3.21	2.61	1.50	0.88	0.94
Operating Cycle						
No. of days in inventory	72	50	75	112	109	83
No. of days in receivables	1	3	5	1	4	11
No. of days in payables	17	17	20	34	58	49
Operating Cycle	56	36	59	78	54	44
Capital Structure Ratios						
Financial leverage ratio	0.44			N/A		
Weighted average cost of debt	3.10%			N/A		
Debt to equity ratio (As per book value)	2.90			N/A		
Debt to equity ratio (As per market value)	0.12			N/A		
Interest cover ratio	30.74			N/A		
Investment / Market ratios						
Pre-Tax Earning per share (Basic and diluted) - Rs	64.43	79.10	49.64	41.27	38.85	47.12
Post -Tax Earning per share (Basic and diluted) - Rs	42.31	53.88	33.24	27.47	27.17	31.94
Price earnings ratio	12.90	11.41	17.15	15.03	13.51	6.65
Dividend yield ratio	7.14%	14.24%	13.16%	20.58%	6.81%	11.77%
Dividend ratio	14.00	7.02	7.60	4.86	14.68	8.50
Dividend payout ratio	92.17%	162.40%	225.61%	309.43%	92.02%	83.74%
Dividend cover	1.08	0.62	0.44	0.32	1.09	1.19
Dividend per share						
- Cash	39.00	87.50	62.50	85.00	25.00	25.00
- Bonus	-	-	-	-	0.35	-
Dividend payout - Rs ' 000	2,260,604	5,071,868	4,347,315	4,926,957	1,449,105	1,073,410
Cash dividend - %	780%	1750%	1500%	1700%	500%	500%
Bonus Dividend - Rs' 000			-	-	-	75,139
Market value per share - Rs						
- Closing	546.00	614.55	570.00	413.00	367.02	212.43
- High	775.31	784.04	718.89	564.00	464.24	246.70
- Low	490.04	525.00	378.78	295.00	195.00	193.89
Market capitalisation - Rs Million	31,648	35,622	33,039	23,940	21,275	9,121
Breakup value per share - Rs	23.62	36.67	57.96	99.86	147.53	191.42

Comments on Ratios

Profitability Ratios

The Company's sound business performance is depicted through favorable profitability ratios over the years. The performance of the Company enhanced in FY 2016. FY 2017 witnessed giant leap forward with respect to profitability of the Company. In the year 2017, Company made historic achievements in profitability and posted ever highest profits and better profitability ratios.

In the year 2018, the Company profitability decreased due to decrease in gross margins in line with challenging socio-economic conditions, increased imported raw material prices and foreign currency exchange rates.

Liquidity and Turnover Ratios

By devising strong cash and working capital management policies over the years, liquidity of the company is still in good position despite the utilization of short term borrowing facility from bank.

Although a decline is observed as compared to last year, still the current and quick ratios of the Company shows stable position of the liquidity as the Company still has Rs.1.12 assets for each Re.1 liability.

Market Ratios

Market ratios remained stable during the year 2018. Slight decrease in share price as well as market ratios was noted when compared with last year.

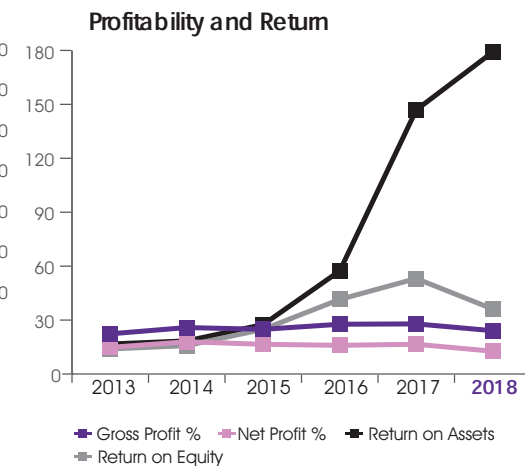
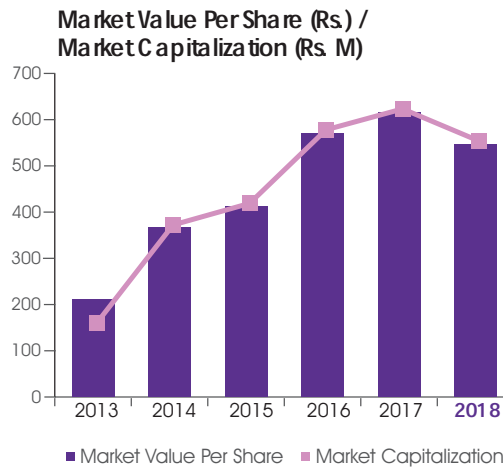
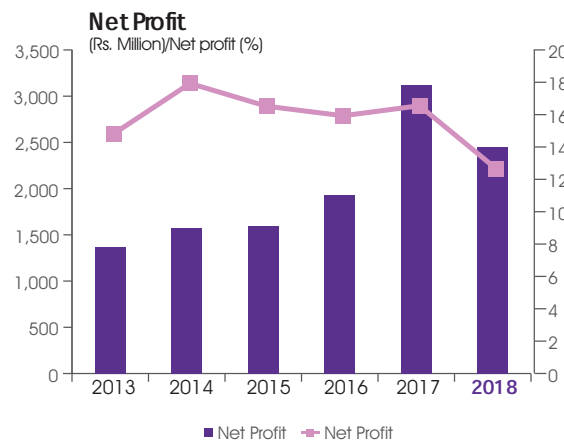
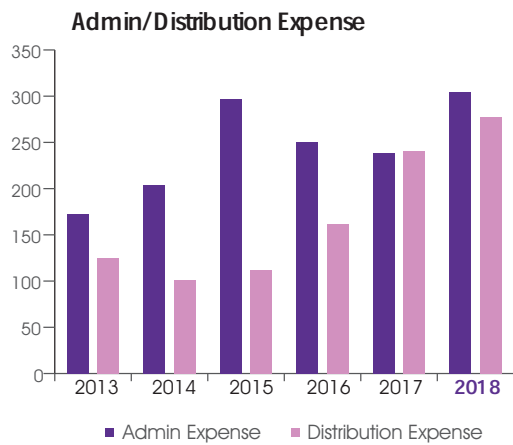
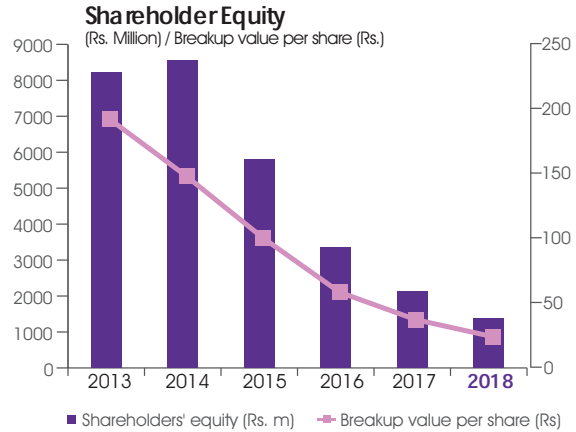
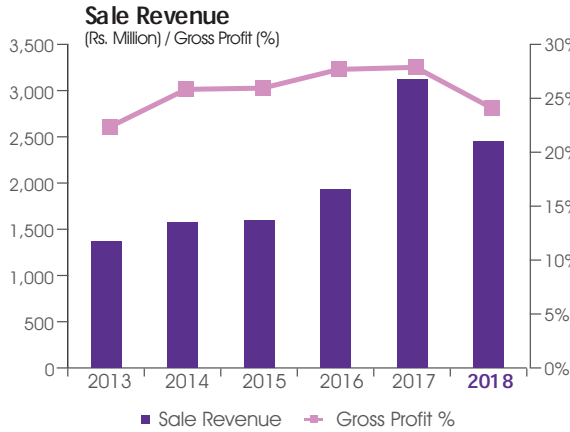
Market value of the share showed a CAGR of 21.04% from 2013 to 2018. Also, market capitalization increased from Rs.9.1 billion in 2013 to Rs.31.6 billion in 2018. AGTL has continuously maintained a dividend yield beyond the market norms in order to compensate its shareholders handsomely.

Capital Structure Ratios

The Company continuously monitors its capital structure and aims to keep it at its optimum level. The Company remained debt free throughout its operation since the beginning, however, accelerated dividend payments during last three years and long outstanding sales tax due from government resulted in utilization of Overdraft facility from banks in 2018.

Promising interest cover ratio and debt to equity ratio is representative of company's strong profitability and financial capability.

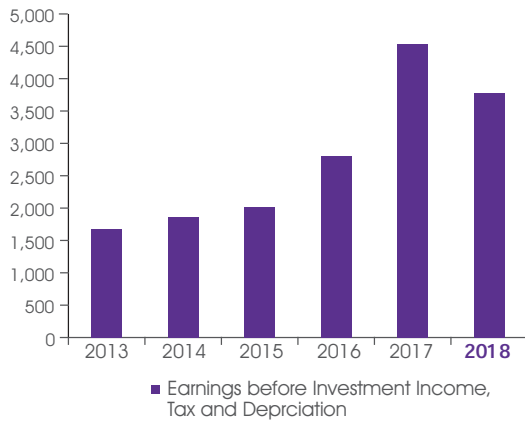
Graphical Analysis



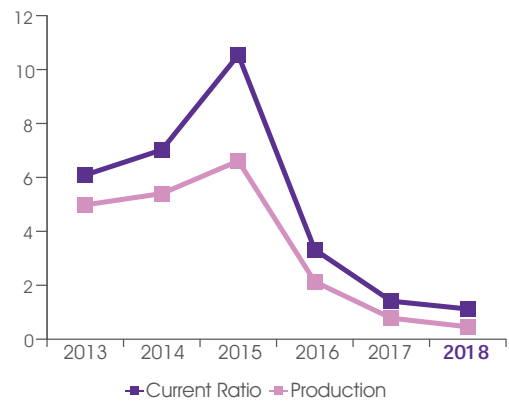
Sales and Production Units



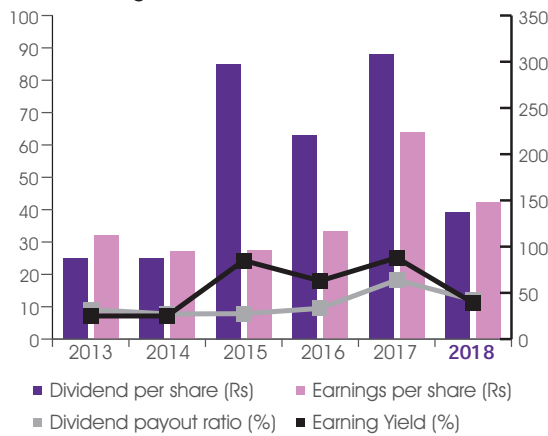
EBITA (Rs. m)



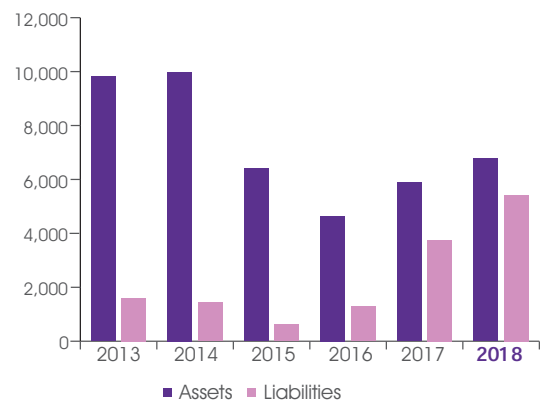
Current Ratio / Quick Ratio



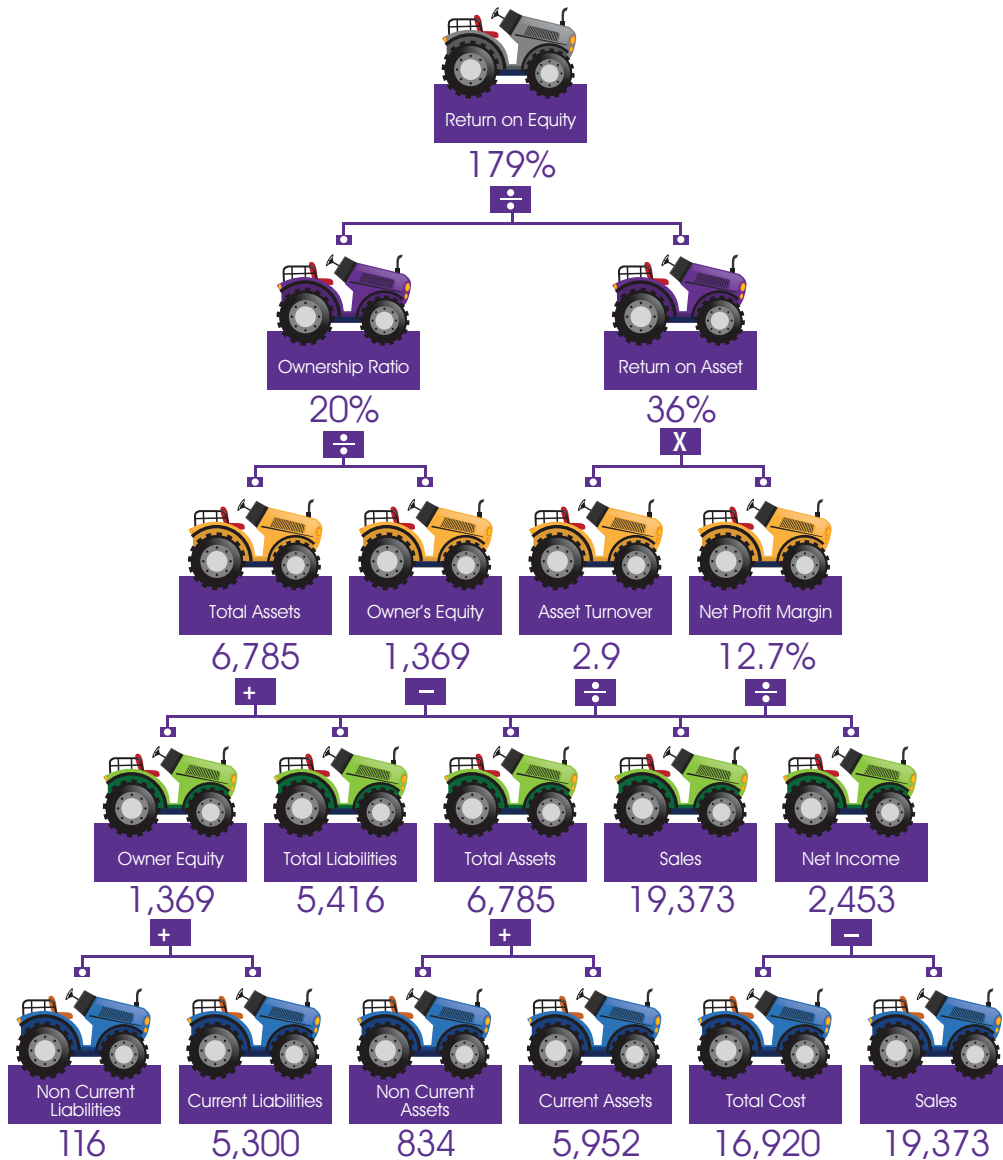
Earning and Distribution



Assets and Liabilities



Dupont Analysis



Dupont Analysis

Return on Equity increased from 147% in 2017 to 179% in 2018 i.e. an increase of 32% was noted. Decrease in owner's equity by Rs.757 million and increase in total assets by Rs.904 million contributed to this increase, partially set off by decrease in Return on assets by 17% as compared to last year.

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

Asset turnover and Net profit margin both decreased as compared to last year mainly due to disproportionate increase in sales as compared to increase in total assets while net income also decreased as compared to last year resulting in decrease in return on assets by 17% when compared with last year.

Six Years Horizontal Analysis

	2018	2017	2016	2015	2014	2013
	(Rupees in '000)					
BALANCE SHEET						
Fixed assets	828,804	714,732	649,897	612,208	466,751	404,433
Long-term investments			-	-	42,800	44,800
Long-term loans and deposits	4,696	4,660	5,818	2,913	2,131	9,333
Inventories	3,507,588	2,321,164	1,427,617	2,149,374	2,196,311	1,708,898
Trade receivables	56,606	12,023	279,759	27,759	13,796	166,306
Loan and advances	132,337	201,688	94,042	62,048	78,796	73,393
Trade deposits and short-term prepayments	43,305	11,871	6,119	6,821	32,219	1,450
Interest accrued	1	947	4,307	61,114	33,986	3,525
Other receivables	12,964	11,972	40,849	38,411	6,149	11,457
Taxation - payments less provision	108,040	40,075	-	70,828	-	30,669
Refunds due from the Government	1,797,206	1,221,688	819,138	1,017,953	1,281,074	1,709,416
Other financial assets	-	-	-	25,000	1,909,970	3,354,256
Cash and bank balances	293,910	1,340,511	1,316,770	2,330,238	3,924,709	2,308,497
Total assets	6,785,457	5,881,331	4,644,316	6,404,667	9,988,692	9,826,433
Current liabilities	5,299,961	3,670,255	1,202,327	549,079	1,349,292	1,537,894
Non-current liabilities	116,099	85,260	82,520	67,008	87,905	69,580
Total liabilities	5,416,060	3,755,515	1,284,847	616,087	1,437,197	1,607,474
Capital employed	1,369,397	2,125,816	3,359,469	5,788,580	8,551,495	8,218,959
Share capital	289,821	289,821	289,821	289,821	289,821	214,682
Reserves	1,079,576	1,835,995	3,069,648	5,498,759	8,261,674	8,004,277
Capital employed	1,369,397	2,125,816	3,359,469	5,788,580	8,551,495	8,218,959
PROFIT AND LOSS ACCOUNT						
Revenue	19,372,522	18,871,448	12,098,828	9,636,109	8,780,685	9,262,626
Cost of sales	14,707,038	13,611,710	8,750,087	7,136,631	6,512,542	7,193,257
Gross profit	4,665,484	5,259,738	3,348,741	2,499,478	2,268,143	2,069,369
Distribution expenses	276,950	240,830	162,088	111,907	101,463	125,208
Administrative expenses	305,425	237,798	250,336	297,194	203,668	172,773
	4,083,109	4,781,110	2,936,317	2,090,377	1,963,012	1,771,388
Other income	61,902	144,076	153,929	480,052	457,194	402,283
Other operating expenses	284,608	339,244	211,703	177,283	166,900	149,981
	3,860,403	4,585,942	2,878,543	2,393,146	2,253,306	2,023,690
Finance cost	125,568	929	1,018	1,100	1,369	396
Profit before taxation	3,734,835	4,585,013	2,877,525	2,392,046	2,251,937	2,023,294
Income tax expense	1,282,321	1,461,893	950,641	799,763	677,193	651,804
Profit for the year	2,452,514	3,123,120	1,926,884	1,592,283	1,574,744	1,371,490

Six Years Horizontal Analysis

	2018	2017	2016	2015	2014	2013
	(Increase / (decrease) from preceeding year in Rupees in '000)					
BALANCE SHEET						
Fixed assets	114,072	64,835	37,689	145,457	62,318	30,952
Long-term investments	-	-	-	(42,800)	(2,000)	(11,000)
Long-term loans and deposits	36	(1,158)	2,905	782	(7,202)	(11,895)
Inventories	1,186,424	893,547	(721,757)	(46,937)	487,413	144,628
Trade receivables	44,583	(267,736)	252,000	13,963	(152,510)	(220,252)
Loan and advances	(69,351)	107,646	31,994	(16,748)	5,403	(2,501)
Trade deposits and short-term prepayments	31,434	5,752	(702)	(25,398)	30,769	104
Interest accrued	(946)	(3,360)	(56,807)	27,128	30,461	(188,787)
Other receivables	992	(28,877)	2,438	32,262	(5,308)	(2,277)
Taxation - payments less provision	67,965	40,075	(70,828)	70,828	(30,669)	(82,759)
Refunds due from the Government	575,518	402,550	(198,815)	(263,121)	(428,342)	71,547
Other financial assets	-	-	(25,000)	(1,884,970)	(1,444,286)	2,102,527
Cash and bank balances	(1,046,601)	23,741	(1,013,468)	(1,594,471)	1,616,212	(1,474,135)
Total assets	904,126	1,237,015	(1,760,351)	(3,584,025)	162,259	356,152
Current liabilities	1,629,706	2,467,928	653,248	(800,213)	(188,602)	63,311
Non-current liabilities	30,839	2,740	15,512	(20,897)	18,325	195
Total liabilities	1,660,545	2,470,668	668,760	(821,110)	(170,277)	63,506
Capital employed	(756,419)	(1,233,653)	(2,429,111)	(2,762,915)	332,536	292,646
Share capital	-	-	-	-	75,139	-
Reserves	(756,419)	(1,233,653)	(2,429,111)	(2,762,915)	257,397	292,646
Capital employed	(756,419)	(1,233,653)	(2,429,111)	(2,762,915)	332,536	292,646
PROFIT AND LOSS ACCOUNT						
Revenue	501,074	6,772,620	2,462,719	855,424	(481,941)	(5,516,938)
Cost of sales	1,095,328	4,861,623	1,613,456	624,089	(680,715)	(4,795,080)
Gross profit	(594,254)	1,910,997	849,263	231,335	198,774	(721,858)
Distribution expenses	36,120	78,742	50,181	10,444	(23,745)	26,973
Administrative expenses	67,627	(12,538)	(46,858)	93,526	30,895	29,539
	(698,001)	1,844,793	845,940	127,365	191,624	(778,370)
Other income	(82,174)	(9,853)	(326,123)	22,858	54,911	(135,459)
Other operating expenses	(54,636)	127,541	34,420	10,383	16,919	(62,999)
	(725,539)	1,707,399	485,397	139,840	229,616	(850,830)
Finance cost	124,639	(89)	(82)	(269)	973	(1,329)
Profit before taxation	(850,178)	1,707,488	485,479	140,109	228,643	(849,501)
Income tax expense	(179,572)	511,252	150,878	122,570	25,389	(305,360)
Profit for the year	(670,606)	1,196,236	334,601	17,539	203,254	(544,141)

Six Years Vertical Analysis

	2018	2018	2017	2017	2016	2016
	(Rupees in '000)	%	(Rupees in '000)	%	(Rupees in '000)	%
BALANCE SHEET						
Fixed assets	828,804	60.52%	714,732	33.62%	649,897	19.35%
Long-term investments	-	-	-	-	-	-
Long-term loans and deposits	4,696	0.34%	4,660	0.03%	5,818	0.03%
Inventories	3,507,588	256.14%	2,321,164	109.19%	1,427,617	42.50%
Trade receivables	56,606	4.13%	12,023	0.57%	279,759	8.33%
Loan and advances	132,337	9.66%	201,688	9.49%	94,042	2.80%
Trade deposits and short-term prepayments	43,305	3.16%	11,871	0.56%	6,119	0.18%
Interest accrued	1	0.00%	947	0.04%	4,307	0.13%
Other receivables	12,964	0.95%	11,972	0.56%	40,849	1.22%
Taxation - payments less provision	108,040	7.89%	40,075	1.89%	-	0.00%
Refunds due from the Government	1,797,206	131.24%	1,221,688	57.47%	819,138	24.38%
Other financial assets	-	0.00%	-	0.00%	-	0.00%
Cash and bank balances	293,910	21.46%	1,340,511	63.06%	1,316,770	39.20%
Total assets	6,785,457	495.51%	5,881,331	276.66%	4,644,316	138.25%
Current liabilities	5,299,961	387.03%	3,670,255	172.65%	1,202,327	35.79%
Non-current liabilities	116,099	8.48%	85,260	4.01%	82,520	2.46%
Total liabilities	5,416,060	395.51%	3,755,515	176.66%	1,284,847	38.25%
Capital employed	1,369,397	100.00%	2,125,816	100.00%	3,359,469	100.00%
Share capital	289,821	21.16%	289,821	13.63%	289,821	8.63%
Reserves	1,079,576	78.84%	1,835,995	86.37%	3,069,648	91.37%
Capital employed	1,369,397	100.00%	2,125,816	100.00%	3,359,469	100.00%
PROFIT AND LOSS ACCOUNT						
Revenue	19,372,522	100.00%	18,871,448	100.00%	12,098,828	100.00%
Cost of sales	14,707,038	75.92%	13,611,710	72.13%	8,750,087	72.32%
Gross profit	4,665,484	24.08%	5,259,738	27.87%	3,348,741	27.68%
Distribution expenses	276,950	1.43%	240,830	1.28%	162,088	1.34%
Administrative expenses	305,425	1.58%	237,798	1.26%	250,336	2.07%
	4,083,109	21.08%	4,781,110	25.34%	2,936,317	24.27%
Other income	61,902	0.32%	144,076	0.76%	153,929	1.27%
Other operating expenses	284,608	1.47%	339,244	1.80%	211,703	1.75%
	3,860,403	19.93%	4,585,942	24.30%	2,878,543	23.79%
Finance cost	125,568	0.65%	929	0.00%	1,018	0.01%
Profit before taxation	3,734,835	19.28%	4,585,013	24.30%	2,877,525	23.78%
Income tax expense	1,282,321	6.62%	1,461,893	7.75%	950,641	7.86%
Profit for the year	2,452,514	12.66%	3,123,120	16.55%	1,926,884	15.93%

Six Years Vertical Analysis

	2015	2015	2014	2014	2013	2013
	(Rupees in '000)	%	(Rupees in '000)	%	(Rupees in '000)	%
BALANCE SHEET						
Fixed assets	612,208	10.58%	466,751	5.46%	404,433	4.92%
Long-term investments	-	-	42,800	0.50%	44,800	0.55%
Long-term loans and deposits	2,913	0.03%	2,131	0.03%	9,333	0.11%
Inventories	2,149,374	37.13%	2,196,311	25.68%	1,708,898	20.79%
Trade receivables	27,759	0.48%	13,796	0.16%	166,306	2.02%
Loan and advances	62,048	1.07%	78,796	0.92%	73,393	0.89%
Trade deposits and short-term prepayments	6,821	0.12%	32,219	0.38%	1,450	0.02%
Interest accrued	61,114	1.06%	33,986	0.40%	3,525	0.04%
Other receivables	38,411	0.66%	6,149	0.07%	11,457	0.14%
Taxation - payments less provision	70,828	1.22%	-	0.00%	30,669	0.37%
Refunds due from the Government	1,017,953	17.59%	1,281,074	14.98%	1,709,416	20.80%
Other financial assets	25,000	0.43%	1,909,970	22.33%	3,354,256	40.81%
Cash and bank balances	2,330,238	40.26%	3,924,709	45.90%	2,308,497	28.09%
Total assets	6,404,667	110.64%	9,988,692	116.81%	9,826,433	119.56%
Current liabilities	549,079	9.49%	1,349,292	15.78%	1,537,894	18.71%
Non-current liabilities	67,008	1.16%	87,905	1.03%	69,580	0.85%
Total liabilities	616,087	10.64%	1,437,197	16.81%	1,607,474	19.56%
Capital employed	5,788,580	100.00%	8,551,495	100.00%	8,218,959	100.00%
Share capital	289,821	5.01%	289,821	3.39%	214,682	2.61%
Reserves	5,498,759	94.99%	8,261,674	96.61%	8,004,277	97.39%
Capital employed	5,788,580	100.00%	8,551,495	100.00%	8,218,959	100.00%
PROFIT AND LOSS ACCOUNT						
Revenue	9,636,109	100.00%	8,780,685	100.00%	9,262,626	100.00%
Cost of sales	7,136,631	74.06%	6,512,542	74.17%	7,193,257	77.66%
Gross profit	2,499,478	25.94%	2,268,143	25.83%	2,069,369	22.34%
Distribution expenses	111,907	1.16%	101,463	1.16%	125,208	1.35%
Administrative expenses	297,194	3.08%	203,668	2.32%	172,773	1.87%
	2,090,377	21.69%	1,963,012	22.36%	1,771,388	19.12%
Other income	480,052	4.98%	457,194	5.21%	402,283	4.34%
Other operating expenses	177,283	1.84%	166,900	1.90%	149,981	1.62%
	2,393,146	24.84%	2,253,306	25.66%	2,023,690	21.85%
Finance cost	1,100	0.01%	1,369	0.02%	396	0.00%
Profit before taxation	2,392,046	24.82%	2,251,937	25.65%	2,023,294	21.84%
Income tax expense	799,763	7.72%	677,193	7.71%	651,804	7.04%
Profit for the year	1,592,283	16.52%	1,574,744	17.93%	1,371,490	14.81%

Comments on Horizontal & Vertical Analysis

Statement of Profit or Loss

Sales Revenue

Significant increase in Sales Revenue of CAGR 13.9% was noted from 2013 to 2018 mainly due to sale of increased volume of 23,933 units as compared to 14,071 units in 2013. Increase in Sales Revenue is a result of differentiated marketing strategies, improved farmer's economic health, recognition of Company's quality initiatives and Company's strategy of engaging with its customers.

Gross Profit

Lean management and rigorous cost discipline assisted in achieving an implausible Gross Profit over the years with a CAGR of 12.66% from 2013 to 2018.

Although a plausible growth in Gross profit is observed during the year, a slight pressure in GP was noted during the year as the GP% of the Company showed a decline of 3.79% as compared to last year mainly due to rise of component price resulting from rupee devaluation. GP% of the company stands at 24.08% as compared to 27.87% last year.

Overheads

The Company strongly believes in cost saving initiatives and effective controls over expenditures to curtail its expenses. Compound annual growth of overheads, from 2013 to 2018, exhibited an increase of 11.82%, which is attributable to various marketing initiatives taken to enhance sales.

Finance Cost

Finance cost increase significantly during the year as a result of short term borrowing facility from bank.

Other Income

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

Profitability

A consistent growth in company's profitability was observed from 2013 to 2018. Net Profit CAGR from 2013 to 2018 amounted to 10.17%. The profit after tax stood at Rs.2.54 billion as compared to Rs.3.1 billion in 2017 i.e. a decrease of 21% was noted as compared to last year as a result of decrease in gross margin and increased finance cost during the year.

Statement of Financial Position

Equity and Reserves

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

Fixed Assets

Fixed assets of the Company grew over past six years from Rs.404 million in 2013 to Rs.828 million in 2018. The increase is mainly attributable to capitalization of new Head office building in 2015 and various machinery and equipment used in production at Plant.

Stock in trade

The Company makes all efforts to maintain raw material and components inventory at safety stock levels to minimize production disruptions due to supply chain issues of auto sector. Higher inventory as at December 2018 is due to increase in forecasted sale of tractors in 2019.

Refunds due from the Government

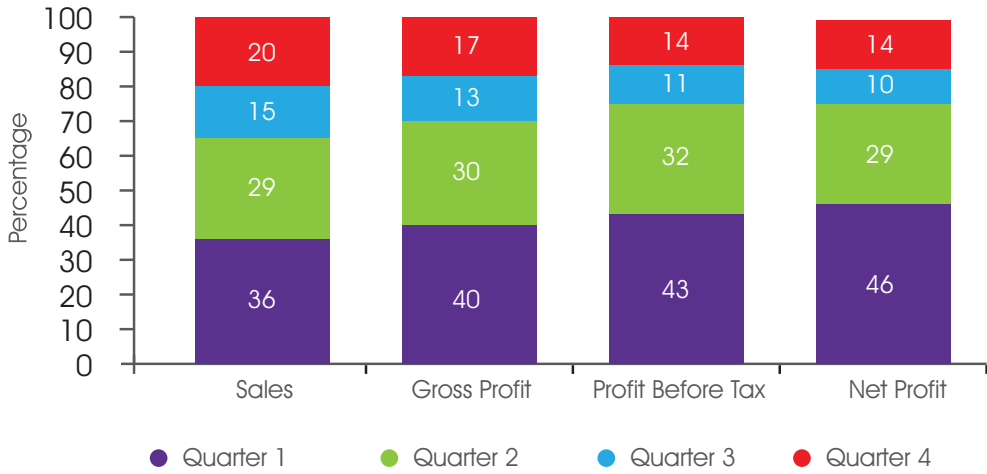
This represents sales tax refunds arising due to difference in the rate of input tax @ 17% and the output tax @ 5%. Significant amount of sales tax refund remained outstanding from the Government at year end 2018. Refund claims totaled Rs.1.79 billion which represents a significant increase of 47% as compared to last year.

Cash and bank balances

High dividend payouts from year 2015 onwards have resulted in avallization of short term finances from bank during the year to cater the working capital requirement. Cash in bank amounted to Rs.293 million while short term borrowing from bank amounted to Rs.3.9 billion thus a negative net cash balance of Rs.3.6 billion existed at the year end.

Quarterly Analysis

	1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter	Annual
Sales	6,957,891	5,656,081	2,907,140	3,851,410	19,372,522
Gross profit	1,886,081	1,404,941	595,165	779,297	4,665,484
Other Income	15,023	20,026	13,825	13,028	61,902
Profit before tax	1,617,893	1,177,584	407,394	531,964	3,734,835
Profit after tax	1,136,097	718,325	255,188	342,904	2,452,514



Comments on Quarterly Analysis

Quarter 1

The momentum of growth in sales continued during the first quarter 2018 with sales of 8,827 tractors compared with 6,455 delivered during same period last year. Company's sales volume took an upturn mainly on account of improved farmer's economic health, recognition of Company's quality initiatives and the Company's strategy of engaging with its customers.

The Company managed to earn Gross Profit of Rs. 1,886 million compared to Rs. 1,496 million of same period last year mainly on the back of additional sales volume.

With resilient best management practices and good governance which are central to AGTL's approach to business, the company earned a record high post-tax profit of Rs. 1,136 million, an increase of over Rs. 216 million as compared to the same period last year. This translates into record high first quarter EPS of Rs. 19.60 per share.

Quarter 2

On account of Company's quality initiatives and by engaging customers through different marketing strategies including extensive road shows helped AGTL to continue the positive momentum during the second quarter as well. 6,951 tractors were sold during the period as compared to 5,907 tractors sold in the corresponding period last year.

During the quarter, Gross margins remained under pressure due to Rupee devaluation and cost inflation as a result of steep rise of metal prices in the international market. The Company managed to earn a Gross Profit of Rs. 1,405 million during the quarter as compared to Rs. 1,281 million in same period last year on the back of additional sales volume of 18%. However, NP % witnessed a decrease mainly on account of super tax.

Quarter 3

In the backdrop of off-season, worsening water crisis affecting farmers' economic health and post-election scenario where clarity was awaited regarding government policies, the third quarter ended September 30, 2018 was a challenging quarter with sales of 3,602 tractors as against 5,672 tractors sold in third quarter of 2017.

Further, rupee devaluation and frequent increase in metal prices caused extra ordinary impulsion from vendors for increase in prices of components. The increase in component prices given to vendors coupled with lower sales volume resulted in depressed gross margin.

Quarter 4

The drop in sales continued during the last quarter as the company managed to sell 4,553 tractors in the last quarter as compare to 6,389 tractor in same period last year.

Despite several challenges resulting from significant rupee devaluation, rising interest rates and considerable increase in component prices, the Company was able to achieve a gross profit of Rs. 779 million as compared to Rs. 1,319 million in the same period last year.

The Company ended the year with accumulated sale of 23,933 tractors as compared to 24,423 tractors sold in the year 2017. The Company's revenue increased by 3% to Rs.19.4 billion mainly on account of increase in tractor prices in line with increasing cost and market conditions.

Direct Cash Flow Statement

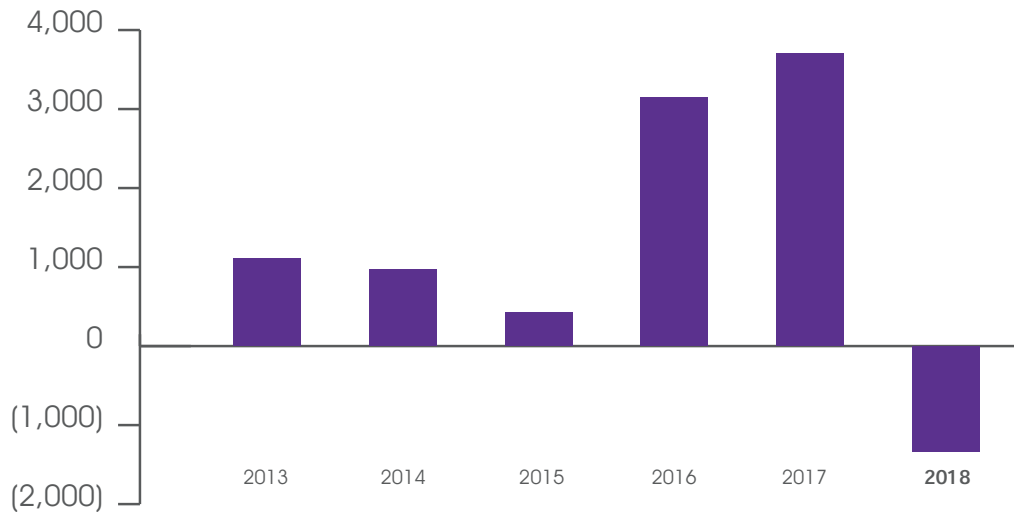
	2018	2017
	(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES		
Cash receipts from customers	17,487,323	20,961,541
Cash paid to suppliers / service providers and employees	(16,400,260)	(14,845,090)
Workers Funds	(360,626)	(252,031)
Income tax paid	(1,355,584)	(1,542,563)
Sales tax refund / (payment)	(575,518)	(402,550)
Finance Cost paid	(54,754)	-
Retirement benefits	36,138	(2,134)
Loans, deposits and other operating income - net	67,599	(89,797)
Net cash (used) / generated from operating activities	<u>(1,155,682)</u>	<u>3,827,376</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(184,195)	(129,451)
Proceeds from disposal of fixed assets	2,968	17,078
Encashment of term deposits - net	-	10,000
Return on bank deposits	29,979	111,415
(Increase) / decrease in long-term loans	244	1,145
Net cash (used) / generated from investing activities	<u>(151,004)</u>	<u>10,187</u>
CASHFLOW FROM FINANCING ACTIVITIES		
Dividend paid	(3,713,121)	(3,803,822)
Net (decrease) / increase in cash and cash equivalents	<u>(5,019,807)</u>	<u>33,741</u>
Cash and cash equivalents at the beginning of the year	1,340,511	1,306,770
Cash and cash equivalents at the end of the year	<u>(3,679,296)</u>	<u>1,340,511</u>

Free Cash Flows

	2018	2017	2016	2015	2014	2013
	(Rupees in '000)					
Profit before taxation	3,734,835	4,585,013	2,877,525	2,392,046	2,251,937	2,023,294
Adjustment of non cash items	175,568	(47,148)	(33,327)	(339,357)	(388,505)	(343,829)
working capital changes	(5,066,085)	(710,489)	395,311	(1,432,856)	(784,800)	(503,779)
Net cash generated from operating activities	(1,155,682)	3,827,376	3,239,509	619,833	1,078,632	1,175,686
Capital expenditure	(184,195)	(129,451)	(95,875)	(191,609)	(104,872)	(71,518)
Free Cash flows	(1,339,877)	3,697,925	3,143,634	428,224	973,760	1,104,168

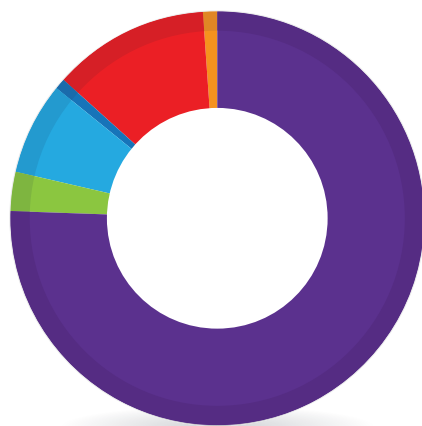
Comments:

Significant decrease in free cash flows is mainly due to decrease in customer advances, increase in inventory and sale tax refund withheld by government authorities.



Statement of Value Addition

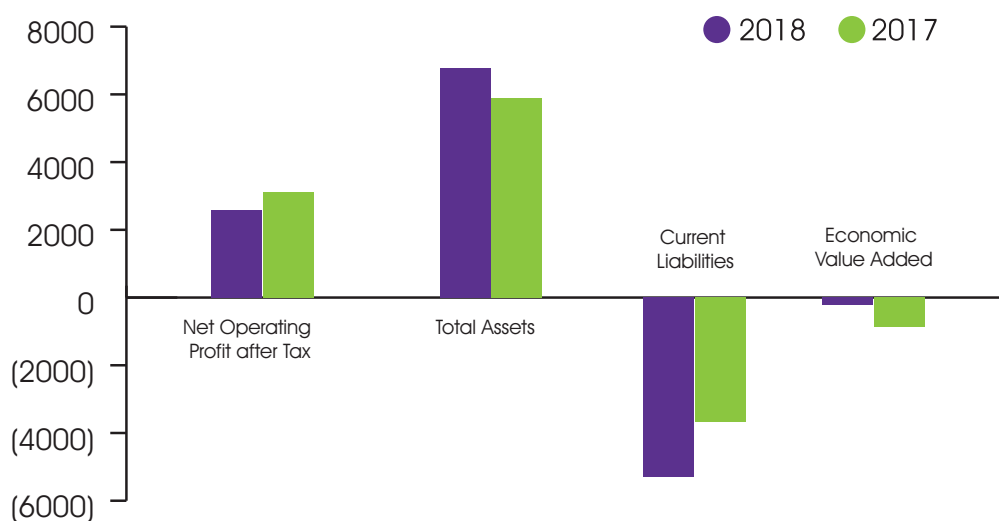
	2018		2017	
	(Rupees in '000)	%	(Rupees in '000)	%
Wealth Generated				
Sales	19,372,522	100%	18,871,448	99%
Other income	61,902	0.3%	144,076	1%
	<u>19,434,424</u>	<u>100%</u>	<u>19,015,524</u>	<u>100%</u>
Distribution of Wealth				
Cost of sales & overheads (excluding remuneration)	14,666,108	75%	13,459,140	70.78%
To employees as remuneration	678,812	3%	573,085	3%
To government as tax	1,282,321	7%	1,461,893	8%
WPPF and WWF	284,608	1%	339,244	2%
To shareholders as dividend	2,260,604	12%	5,071,868	27%
Cash (injected from) / Retained within the business	261,971	1%	(1,889,706)	-10%
	<u>19,434,424</u>	<u>100%</u>	<u>19,015,524</u>	<u>100%</u>



● Cost of sales & overheads	75%
● To employees as remuneration	3%
● To government as tax	7%
● WPPF and WWF	1%
● To shareholders as dividend	12%
● Cash (injected from business)	1%

Economic Value Added

	2018	2017
	(Rupees in '000)	
Net Operating Profit after Tax	2,578,082	3,124,049
Cost of Capital	(206,999)	(876,428)
Economic Value Added	2,371,083	2,247,621
Total Assets	6,785,457	5,881,331
Current Liabilities	(5,299,961)	(3,670,255)
Invested Capital	1,485,496	2,211,076
WACC	13.93%	39.64%
Cost of Capital	206,999	876,428

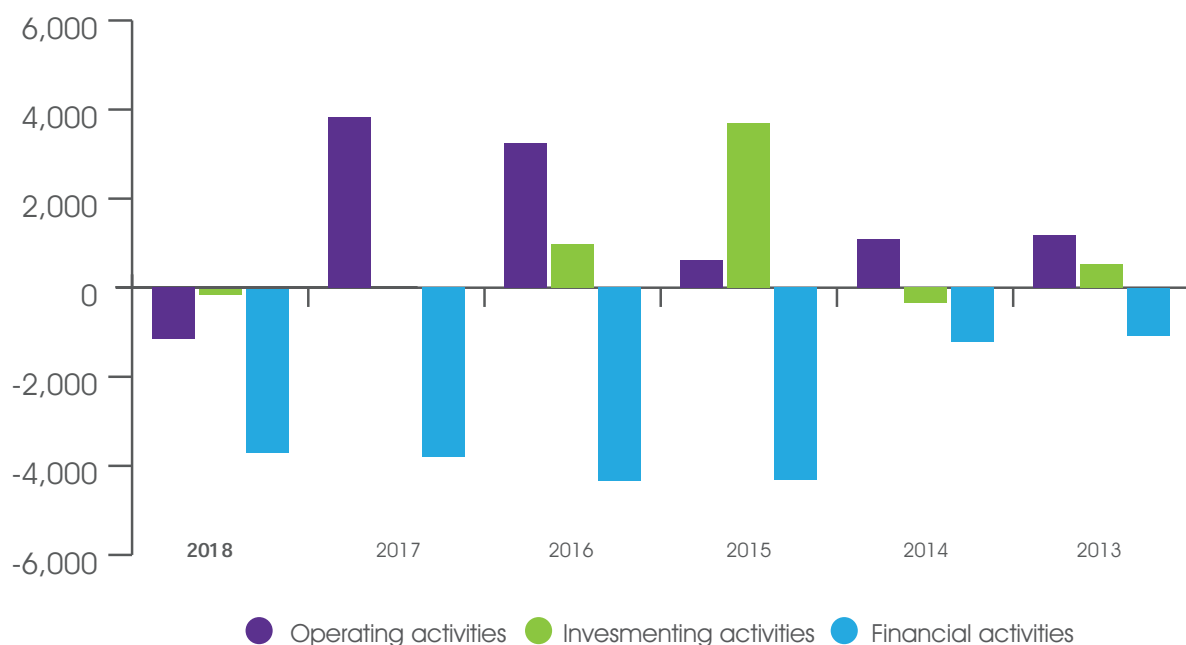


Comments on Economic Value Added

Economic value addition is better than last year as the Company has reduced WACC in current year as compared to 2017. WACC reduced mainly on account of short term financing obtained from banks for accelerated dividend payments.

Summary of Statement of Cash Flows-Last Six Years

	2018	2017	2016	2015	2014	2013
	(Rupees in '000)					
Net cash (used in) / generated from operating activities	(1,155,682)	3,827,376	3,239,509	619,833	1,078,632	1,175,686
Net cash generated from / (used in) investing activities	(151,004)	10,187	986,817	3,702,394	(342,666)	522,032
Net cash generated from / (used in) financing activities	(3,713,121)	(3,803,822)	(4,339,794)	(4,321,698)	(1,219,754)	(1,071,853)
Net (decrease) / increase in cash and cash equivalents	(5,019,807)	33,741	(113,468)	529	(483,788)	625,865
Cash and cash equivalents as at the beginning of the year	1,340,511	1,306,770	1,420,238	1,419,709	1,903,497	1,277,632
Cash and cash equivalents as at the end of the year	(3,679,296)	1,340,511	1,306,770	1,420,238	1,419,709	1,903,497



Comments on Cash Flow

The Company monitors its cash inflows and outflows on a daily basis. Cash management and investment strategies are then planned to maximize returns. Operating cash flows witnessed high growth in 2017 as, the Company has highest ever profitability. In 2018 operating cash flows fell slightly on negative side mainly on account of decreased profit before tax, increased investment in stock in anticipation of expected sale in coming year.

Net cash used in investing activities depicts cash utilization on account of fixed capital expenditure. Moreover, in current year fixed capital expenditures mainly represented CAPEX relating to RO Plant & IND. Waste Treatment Plant and other machinery and tools. Further the trend also depicts reduction in return on investment over the period mainly on account of reduce investment.

Cash outflow from financing activities represents dividend payments which has increased over the years. A total of Rs.3.7 billion was paid as dividend during the year 2018 as compared to Rs.3.8 billion in 2017.

During the year 2018, Company obtained notable value of running finance facility for smooth business operations.

Share Price Sensitivity Analysis

Company's Share price is interlinked with the Company's financial performance and has positive correlation with the factors influencing the Company's performance.

In the prevailing business scenario, management considers the following factors to which the performance and share price of the Company may be sensitive.

GOVERNMENT DECISIONS

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

PLANT OPERATIONS

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

VARIATION IN MATERIAL COSTS

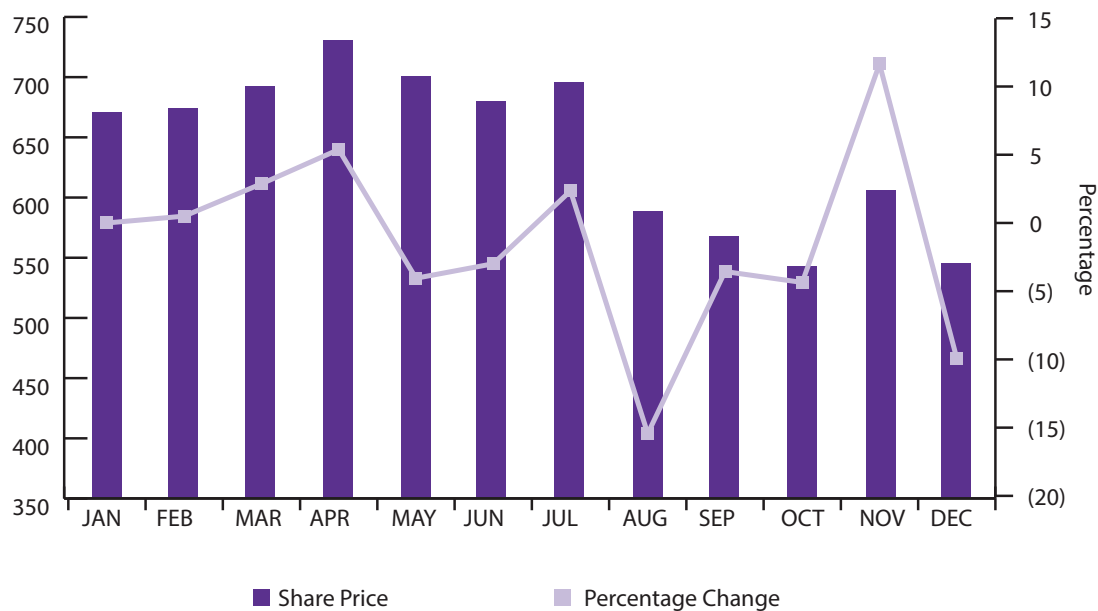
Being a manufacturing concern, material cost comprises of a significant portion of variable cost. Any increase in material costs impacts the gross profit and results in reduced profits. This may adversely affect the share price.

LAW AND ORDER

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

EXCHANGE FLUCTUATION

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



Segmental Review of Business

MARKET SEGMENT/SHARE

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

This sector has in general recorded a growth as against the previous year. Overall the tractor industry witnessed a decrease in the calendar year 2018 as compared to the comparable period.

According to published numbers, 63,060 tractors were sold during the current period as against 66,369 last year. AGTL is the second largest player in the tractor industry in Pakistan. Despite extremely challenging market situation during the second half of the year, AGTL managed to enhance its market share to 38% as against 37% last year.

OPERATING SEGMENTS

The Company remained principally engaged in the manufacture and/or sale of agricultural tractors, implements and spare parts. The Company launched its improved version of Dabung model during the year in order to strengthen Company's presence in high HP segment. Also, the Company has imported first of its kind New Holland Brand Combine Harvesters, Balers, and 95 HP tractors into Pakistan on exploratory basis.

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



Tractor Industry

● AGTL	38%
● Tractor Industry	62%

Major Capital Projects

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

Quality Assurance Lab

The importance of inspection of incoming parts and outgoing finished goods in any manufacturing concern cannot be under estimated. The product acceptability remains to be a direct function of the quality of incoming parts. In modern times with rising customer demands, it is imperative that the product be free from faults and fully meets customer expectations.

Following the Company's commitment of quality tractors for the customers, the Company decided to build a new state of the art Quality Assurance Lab fully equipped with specialized equipment and manned with competent lab technicians.

Construction of the Quality lab building is in its final stages including the procurement of requisitioned equipment. The project is expected to be fully operational during second half 2019.



Component Storage Shed

The Company has been constructing Component Storage Sheds for preservation of raw material and finished components from unfavorable weather conditions. This project is also in line with the Company's commitment to provide quality product to its customers.



Benefits to the Company and Shareholder

Projects being undertaken by the Company will ensure full compliance to quality assurance standards and simultaneously work as a catalyst towards customer contentment and positive change in perception.

The projects will also add value to the Company's processes and operations while contributing towards effectiveness and efficiency of tractor's production.