VIS
Credit Rating Company Limited

RATING REPORT

AGRIAUTO INDUSTRIES LIMITED

Analyst:
Javeria Khalid
(javeria.khalid@vis.com.pk)

RATING DETAILS				
RATINGS CATEGORY	Latest Rating		Previous Rating	
	Long-term	Short-term	Long-term	Short-term
ENTITY	A-	A1	A-	A1
RATING OUTLOOK/ WATCH	Stable		Stable	
RATING ACTION	Reaffirmed		Reaffirmed	
RATING DATE	August 31, 2026		December 30, 2025	

Shareholding (5% or More)	Other Information
Robert Finance Corporation, AG – 24.9%	Incorporated in 1981
Thal Limited – 7.35%	Public Limited Company (listed)
National Bank of Pakistan – 5.94%	Chief Executive: Mr. Fahim Kapadia
	External Auditor: A.F. Ferguson & Co., Chartered Accountants

Applicable Rating Methodology

VIS Entity Rating Criteria Methodology – Corporates Ratings

https://docs.vis.com.pk/docs/CorporateMethodology.pdf

Rating Scale

https://docs.vis.com.pk/docs/VISRatingScales.pdf

Rating Rationale

The assigned ratings reflect AGIL's strong sponsor profile as part of the House of Habib (HoH) Group, a well-established conglomerate in Pakistan with diversified business interests. The Company has over four decades of experience in the auto parts industry and maintains long-standing technical collaborations with international auto parts manufacturers, providing a competitive advantage. The business risk profile is medium to high due to the cyclical nature of the domestic automotive sector and its sensitivity to macroeconomic environment, demand conditions, auto financing, exchange rates, and regulatory changes, with production still remaining below the historical peak levels despite recovery since FY25. However, AGIL has reported a significant improvement in revenue and profitability during the period under review. The ratings are further supported by the Company's conservative capital structure, healthy liquidity profile, and strengthened debt servicing capacity. Going forward, the ratings remain sensitive to the Company's ability to sustain its operating performance and maintain business and financial risk profile in line with the assigned rating level

Company Profile

Agriauto Industries Limited ('AGIL' or 'the Company') was incorporated in Pakistan in June, 1981 as a public limited company and is listed on the Pakistan Stock Exchange (PSX: AGIL). The Company is engaged in the manufacture and sale of components for automotive vehicles, motorcycles and agricultural tractors.

The Company has established long-term technological collaborations with leading international parts manufacturers. AGIL's technical partners include KYB Corporation (Japan), Gabriel Ride Control Products Inc. (USA), AISIN Corporation (Japan), AISIN Shiroki Corporation (Japan), SANNOU RIKEN Ltd. (Japan), and KYB Motorcycle Suspension (Japan). These strategic partnerships provide the Company with advanced technological capabilities and a strong competitive edge.

The registered office of the Company is situated Karachi, while its manufacturing facilities are located at Hub Chowki Distt. Lasbella, Balochistan.

AGIL also serves as the Holding Company of Agriauto Stamping Company (Private) Limited (the wholly owned Subsidiary Company). Agriauto Stamping Company was incorporated in Pakistan in 2012 as a private limited company and commenced commercial operations in 2014. It is engaged in stamping of sheet metal parts, dies, fixtures primarily for the automotive industry.

Management and Governance

CHAIRMAN/CEO PROFILE

Mr. Yutaka Arae is the Chairman of AGIL. He is a seasoned global automotive expert and has driven transformative growth across Toyota Tsusho Corporation, Indus Motor Co. Ltd., and Agriauto Industries Ltd. His decades of industry experience and leadership distinguish him as an influential figure in the automotive sector.

Mr. Fahim Kapadia is the Chief Executive Officer (CEO) of the Company. He brings over 39 years of expertise in finance, general management, and business development and has long been associated with the group. He has held key leadership roles at Thal Limited and Agriauto Industries Ltd., and serves on the boards of multiple companies.

BOARD & SENIOR MANAGEMENT

The Board of Directors comprises seven experienced members, including the Chairman, CEO, two independent Directors, and three Non-Executive members. The Board includes six male and one female director and is supported by key committees: the Board Audit and Risk Management Committee, and Human Resource and Remuneration Committee.

The FY25 accounts of the Company are audited by A.F. Ferguson & Co Chartered Accountants, who appears on category A of SBP list. The auditor has given an unqualified opinion.

Business Risk

INDUSTRY UPDATE

VIS assesses the overall business risk profile of Pakistan's automobile parts sector as medium to high, reflecting its dependence on domestic automobile production, which remains cyclical and sensitive to macroeconomic conditions, consumer purchasing power, availability of auto financing, exchange rate movements, and regulatory developments. The sector comprises a limited number of organized tier-1 vendors supplying OEMs, alongside fragmented base of SMEs primarily serving the replacement market. Key organized players include Thal Engineering, Procon Engineering, Loads Limited, Agriauto Industries, Agriauto Stamping and Omar Jibran Engineering.

Industry Sales	2022	2023	2024	2025	2026
Passenger Cars & Jeeps					
Honda	39,452	16,879	13,214	18,296	28,015
Suzuki	150,279	65,362	54,428	72,685	97,117
Toyota	74,533	31,104	20,772	33,393	44,646
Hyundai	13,132	9,688	9,160	10,954	12,937
Sazgar (Haval)	-	1,657	5,319	10,783	19,179

Others	1,871	2,188	936	1,912	4551
Total Sold	**279,267**	**126,878**	**103,829**	**148,023**	**206,445**
2/3 Wheelers					
Honda	1,292,096	1,360,403	1,005,408	1,278,424	1,689,472
United Auto	375,296	268,833	93,055	147,182	192,240
Sazgar	15,665	15,683	9,381	25,786	26,845
Road prince	151,346	98,261	29,367	24,495	12,252
Suzuki	24,851	37,846	29,274	26,076	36,336
Yamaha	19,924	23,289	13,217	5,709	1,333
Others	24,754	17,570	7,267	11,080	13,599
Total Sold	**1,903,932**	**1,821,885**	**1,186,969**	**1,518,752**	**1,972,077**

Following a slowdown during FY23 and FY24, the sector witnessed a notable recovery in FY25, supported by easing interest rates, improving macroeconomic conditions and gradual recovery in consumer demand. According to PAMA (Pakistan Automotive Manufacturers Association) data, passenger car sales increased to 112,203 units during FY25 from 81,579 units in FY24, while sales of jeeps and pickups also recorded healthy growth to 35,820 units, supporting demand for automotive components across multiple product categories. Despite the improvement, industry production remains below historical peak levels and installed capacity, indicating that capacity utilization and fixed-cost absorption have yet to fully normalize.

The sector continues to face structural challenges. Operating margins remain exposed to fluctuations in raw material prices and exchange rates due to continued reliance on specialized components and CKD inputs. In addition, the supplier base remains dependent on limited number of domestic OEM assemblers, resulting in customer concentration risk.

The regulatory environment remains a key determinant of the sector's long-term outlook. Implementation of the National Tariff Policy and the proposed AIDEP 2026-31 (Auto Industry Development and Export Policy) is expected to gradually rationalize import tariffs and reduce the level of protection historically afforded to domestic assemblers and auto parts manufacturers. While a more competitive operating environment may improve consumer choice and support long-term market efficiency, it is also expected to increase competitive pressures on local vendors, necessitating continued improvements in productivity, localization, quality standards and operational efficiency to maintain profitability.

Over the medium term, adoption of hybrid and electric vehicles is altering the domestic component mix and require investment in new technologies and manufacturing capabilities. However, the pace of this transition is expected to remain gradual given affordability constraints, limited charging infrastructure and the nascent stage of Pakistan's EV ecosystem.

Going forward, the sector's performance will remain contingent upon the sustainability of domestic automobile demand, interest rate and exchange rate stability, the pace of localization, and manufacturers' ability to adapt to a progressively liberalized regulatory framework.

Operational Performance

The Company's plant capacity is indeterminable as it depends on the relative proportions of the various types of vehicles produced by OEMs. However, overall production levels have increased, registering ~14.5% YoY growth in FY25, with this level already surpassed during 9MFY26. Nevertheless, production remains below the FY22 peak.

	Total units sold
FY22	11,591,558
FY23	6,227,365
FY24	6,128,607
FY25	7,014,552
9MFY26	7,290,127

The product mix of the Company remains unchanged with shocks and struts representing 69% of the sales revenue as of 9MFY26 (FY25: 67.1%), followed by two-wheeler components at 13.5% (FY25: 14.6%). Similarly, client wise sales remained unchanged, concentrated in AGIL's customer, Indus Motor Company Limited, accounting for 56.8% (FY25: 51.6%) of sales during 9MFY26.

Client wise concentration	FY22	FY23	FY24	FY25	10MFY26
INDU	65.2%	51.4%	45.3%	53.0%	56.8%
Atlas Autos	11.1%	17.3%	19.8%	15.3%	13.5%
PSMC	8.7%	10.0%	11.2%	12.8%	15.6%
Aftermarket	6.1%	9.4%	14.0%	11.8%	10.0%
Others	8.9%	11.9%	9.7%	7.4%	4.1%

PROFITABILITY

Following the recovery in domestic automobile demand since FY25, AGIL's operating performance improved significantly, with revenue reaching PKR 7.8bn during 9MFY26 (FY25: PKR 7.7bn, FY24: PKR 5.9bn). Higher production volumes supported improved fixed cost absorption, resulting in gross margin improvement to 6.4% (FY25: 4.6%, FY24: 3.5%). Although operating expenses remained elevated, stronger revenue generation enabled the Company to report a positive operating margin of 0.7% during 9MFY26 (FY25: -1.7%; FY24: -3.1%). Consistent with historical trends, bottomline continued to be supported by dividend income from subsidiary, Agriauto Stamping Company Limited, amounting to PKR 458mn. Consequently, net margin improved to 6.7% during 9MFY26 (FY25: 1.3%, FY24: -4.7%).

As per management, the Company reached breakeven profitability in FY26 without support from other income, indicating a gradual recovery from prior losses. Going forward, management plans to diversify into adjacent businesses, including steel furniture (waiting chairs) and utility boxes.

Financial Risk

CAPITAL STRUCTURE

AGIL continues to maintain a conservative capitalization profile. Total borrowings declined by approximately 50% to PKR 560mn at end-9MFY26 (FY25: PKR 1.1bn), primarily due to lower short-term borrowing requirements. Accordingly, gearing and leverage improved to 0.12x and 0.51x, respectively (FY25: 0.26x and 0.65x). Going forward, a marginal capex of PKR 120mn is expected.

DEBT COVERAGE & LIQUIDITY

The Company's liquidity profile remains healthy, supported by a current ratio of 1.78x(FY25: 1.58x) and an improved working capital cycle of 48 days (FY25:78 days) at end-9MFY26. Funds from operations increased substantially to PKR 559mn (FY25: PKR 34mn), reflecting improved profitability. Coupled with lower debt levels, debt servicing capacity strengthened, with DSCR improving to 3.5x during 9MFY26 (FY25: 0.8x).

FINANCIAL SUMMARY *(amounts in PKR millions)* *Appendix I*

BALANCE SHEET	FY22 A	FY23 A	FY24 A	FY25 A	9MY26 M
Property, plant and equipment	1,236	1,860	1,789	1,695	1,695
Long term Investments	1,144	1,144	1,144	1,144	1,144
Stock in trade	2,221	1,789	1,518	2,159	2,166
Trade debts	743	505	803	895	837
Cash and bank balance	67	90	131	40	71
Short term Investments	39	39	40	38	38
Total Assets	**6,696**	**6,366**	**6,381**	**7,096**	**7,196**
Trade and other payables	1,308	1,360	1,235	1,499	1,666
Long-term Debt (incl. current portion & lease)	58	450	381	315	245
Short-Term Borrowings	743	-	341	802	315
Total Debt	800	450	722	1,117	560
Total Liabilities	**2,174**	**1,890**	**2,180**	**2,796**	**2,418**
Paid up Capital	144	180	180	180	180
Revenue Reserves	4,377	4,297	4,021	4,120	4,598
Total Equity	**4,521**	**4,477**	**4,201**	**4,300**	**4,778**

INCOME STATEMENT	FY22 A	FY23 A	FY24 A	FY25 A	9MY26 M
Net Sales	8,958	5,336	5,927	7,762	7,832
Gross Profit	1,018	219	208	357	499
Operating Profit	643	(118)	(183)	(134)	53
Finance Costs	(53)	(77)	(114)	(154)	(118)
Profit Before Tax	458	(33)	(267)	97	393
Profit After Tax	304	(44)	(276)	99	521

RATIO ANALYSIS	FY22 A	FY23 A	FY24 A	FY25 A	9MY26 M
Gross Margin	11.4%	4.1%	3.5%	4.6%	6.4%
Operating Margin	7.2%	-2.2%	-3.1%	-1.7%	0.7%
Net Margin	3.4%	-0.8%	-4.7%	1.3%	6.7%
Funds from Operation (FFO)*	551	58	227	34	745
FFO to Total Debt* (x)	0.69	0.13	0.31	0.03	1.33
FFO to Long Term Debt* (x)	9.50	0.13	0.60	0.11	3.05
Gearing (x)	0.18	0.10	0.17	0.26	0.12
Leverage (x)	0.48	0.42	0.52	0.65	0.51
Debt Servicing Coverage Ratio* (x)	8.80	0.81	1.74	0.80	3.50
Current Ratio (x)	1.99	2.13	1.74	1.58	1.78
(Stock in trade + trade debts) / STD (x)	3.99	-	6.80	3.81	9.53
Return on Average Assets*	4.5%	-0.7%	-4.3%	1.4%	9.7%
Return on Average Equity*	6.7%	-1.0%	-6.6%	2.3%	14.5%
Cash Conversion Cycle (days)*	72	65	68	75	48

**Annualized, if required*
A - Actual Accounts
M - Management Accounts

REGULATORY DISCLOSURES	Appendix II
Name of Rated Entity	Agriauto Industries Limited
Sector	Auto Parts
Type of Relationship	Solicited
Purpose of Rating	Entity Ratings

Rating History

Rating Date	Medium to Long Term	Short Term	Outlook / Rating Watch	Rating Action
RATING TYPE: ENTITY				
31-Aug-2026	A-	A1	Stable	Reaffirmed
30-Dec-2025	A-	A1	Stable	Reaffirmed
26-Nov-2024	A-	A1	Stable	Reaffirmed
16-Nov-2023	A-	A1	Stable	Reaffirmed
10-Aug-2022	A-	A1	Stable	Initial

Statement by the Rating Team	VIS, the analysts involved in the rating process and members of its rating committee do not have any conflict of interest relating to the credit rating(s) mentioned herein. This rating is an opinion on credit quality only and is not a recommendation to buy or sell any securities.
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Due Diligence Meetings Conducted

S.No.	Name	Designation	Date
1.	Mr. Fahim Kapadia	CEO	06-August-26
2.	Mr. Fahad Tariq	CFO	
3.	Mr. Imran Saleem	Manager Treasury	