

# Chairman's Review

I am pleased to present to you the review on Annual Report of Agriauto Industries Limited ("the Company") for the year ended June 30, 2018. The Financial Year 2017-18 has been another year of high performance and growth for the the Company. On a consolidated basis, the Agriauto Group achieved its highest net sales and profit after tax of Rs. 8.32 billion and Rs. 0.96 billion respectively. Based on the financial performance, the Board has recommended a final cash dividend of 170% i.e. Rs. 8.50 /- per share for approval from members at the Annual General Meeting. This is in addition to the Interim Dividend of 80% i.e. Rs. 4.0 per share already paid. The total dividend for 2017-18 will thus amount to 250% i.e., Rs. 12.50 /- per share which is again, the all-time highest.

The economic indicators of the Country show promising signs for the future. Smooth political transition to the new Government, low inflation and interest rates, improved law & order situation and robust local demand is expected to create further stimulus in the Auto Industry. New entrants in the automobile industry are entering the market to compete with existing players, which surely will offer new business opportunities to our Company.

On the other hand, there are significant challenges on the economic front as well, which the Country will have to face in the short term. Amongst others, the incumbent Government will have to address the uphill task of managing the current account deficit which touched \$18B by June 30, 2018. The steep rise in imports unchecked by matching exports has brought the exchange rate parity under significant pressure. We believe that the incumbent Government shall take necessary steps on an urgent basis to boost exports, reduce imports of luxury and unnecessary items and create a conducive environment for the industry to continue and sustain the economic momentum. The Management is closely monitoring the challenges faced by the Company and will take all steps necessary to safeguard the interests of its shareholders as well as to capitalize on growth opportunities through its product line.

Your Company is committed to good Corporate Governance. I am pleased to report that the performance of the Board has been par excellence which has helped in effective steering of the Company during the year. The Board acknowledges its responsibility in respect of Corporate & Financial Reporting Framework. The Board is also cognizant of its strategic role in achieving the Company's key objectives and is focused on enriching the returns of its shareholders & other stakeholders and shall continue contributing through sustained supply of premium quality products to its valued Customers.



**Yutaka Arae**

Chairman

August 17, 2018