

DIRECTORS' REVIEW REPORT

The Directors of your Company are pleased to report on the financial position and performance of your Company for the nine months and quarter ended March 31, 2018.

SUMMARY OF FINANCIAL RESULTS

Standalone	Rs. '000			
	Nine Months ended		Quarter ended	
	31-March-18	31-March-17	31-March-18	31-March-17
Turnover	4,539,895	4,372,635	1,589,819	1,596,977
Gross Profit	887,914	853,640	308,245	336,760
Profit before taxation	631,353	702,508	224,698	240,083
Taxation	(189,176)	(173,006)	(66,807)	(71,168)
Profit after taxation	442,177	529,502	157,891	168,915
Earnings per share (Rs.)	15.35	18.39	5.48	5.87

The turnover for the nine months ended March 31, 2018 amounted to Rs.4.5 billion reflecting an increase of 4% over corresponding period last year.

Profit before tax for the period at Rs.631.3 million was 10% lower than the corresponding period last year mainly due to the fact that no dividend was declared by the wholly owned subsidiary for the year 2016-17.

Earnings Per Share for the period decreased from Rs.18.39 to Rs.15.35(-17%) due to reason mentioned above.

Consolidated	Rs. '000			
	Nine Months ended		Quarter ended	
	31-March-18	31-March-17	31-March-18	31-March-17
Turnover	6,150,929	5,483,775	2,159,016	2,015,929
Gross Profit	1,241,235	1,151,729	431,520	459,224
Profit before taxation	951,397	857,953	337,904	350,492
Taxation	(187,970)	(222,322)	(66,694)	(71,262)
Profit after taxation	763,427	635,631	271,210	279,230
Earnings per share (Rs.)	26.51	22.07	9.42	9.70

Consolidated turnover for the nine months ended March 31, 2018 was 12% higher as compared to the corresponding period last year. Profit before tax for the period was also higher by 11% on account of higher sales.

Earnings Per Share for the nine months increased from Rs.22.07 to reach Rs.26.51, higher by 20% over corresponding period last year.

During the quarter, Pak Rupee came under pressure and was devalued by more than 10% in the last 4 months. The rupee devaluation clubbed with increase in international steel prices and the imposition of Regulatory Duty (RD) has made our inputs more expensive. The management of your Company is taking all actions necessary to minimize the impact of the increased costs of input by adjusting the selling prices. However, due to certain time lag, the impact may not be fully visible in a given period.

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The local automotive industry comprising of passenger cars, trucks, buses, tractors and motorcycles is showing strong growth. The growth in the auto industry will further augment with the introduction of new models by existing assemblers as well as by the new entrants. Production of tractors & motorcycles is also on an increasing trend. All these developments are expected to create new business avenues for the auto parts industry. Our efforts are underway to benefit from these developments and to secure new business for your Company.

AGRIAUTO STAMPING COMPANY (PVT) LIMITED (ASC)

The wholly owned subsidiary Company, Agriauto Stamping Company (Pvt.) Ltd, has shown a significant growth during the period under review. The Plant is running on a double shift basis to meet the customer demand. Order has been placed for the introduction of 2 new presses of 800 & 500 ton which are expected to be installed and made operational by first quarter of 2019.

The Company plans to send its engineers again, to its technical partner, Ogihara (Thailand) for comprehensive training on die designing & development. We are very hopeful that with assistance from our technical partner, our engineers would become capable of designing & machining the dies for smaller parts locally.

We would like to express our sincerest appreciation to all our customers, dealers, bankers and foreign technical collaborators for their unabated support and confidence reposed in the Company. We are also thankful to all our employees who have worked diligently for the progress of the Company.

On behalf of the Board of Directors.



FAHIM KAPADIA
Chief Executive
Dated : April 25, 2018