

DIRECTORS' REPORT

The Directors of your Company are pleased to issue this report on the financial position and performance of your Company for the quarter and six month ended December 31, 2010.

Sales achieved for the period was Rs. 1.95 billion as compared to Rs. 1.69 billion of the corresponding period last year thus registering an increase of 15%. The profit before tax has decreased from Rs. 351.6 million to Rs. 319.0 million, a decline of Rs. 32.6 million or 9% as compared to corresponding period of last year.

Sales have been steady to the passenger car assemblers and the slowdown in the Tractors sales have also been recovered during the 2nd quarter. The decline in the profit is due to the increase in the inputs costs and overheads which are not fully recovered in the sales price. The Management always endeavors to go for the price increase to improve the margins.

The Management of your Company is concerned about the Government decision to extend the maximum age for the import of used vehicles from 3 years to 5 years as this is likely to have an impact on the locally produced passenger cars.

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

On behalf of the Board of Directors.

Fahim Kapadia
Chief Executive

Dated : February 23, 2011