

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 nine months ended March 31, 2011.

Sales for the period was Rs. 3.10 billion as compared to Rs. 2.70 billion of the corresponding period last year thus registering an increase of 14.8%. The profit before tax has increased from Rs. 471.6 million to Rs. 520.8 million, an increase of Rs. 49.2 million or 10.4% as compared to corresponding period of last year.

Sales for the nine month period have been steady both in the passenger car segment and for the tractor segment. During this quarter, the Government has imposed a 17% sales tax on the sales of tractors hence the prices of the tractors have increased. The Tractor volumes in the last quarter are expected to be lower which will affect our sales volume in this sector. The Government has also imposed an additional surcharge @15% on the income tax for a period from March 15 – June 30, 2011, this surcharge would be an additional tax on the income in the last quarter.

On March 11, 2011 there was a devastating earth quake in Japan followed by a Tsunami. The earthquake and tsunami caused extensive and severe structural damage in the northern part of the country. All car assemblers have lowered their forecasted sales in the last quarter because of the shortage of the CKD parts from Japan. This lowering of the forecast would also adversely affect our sales and profitability and there would be corresponding increase in the inventory.

Historically the sales in the last quarter have always been higher as compared to other quarters however, due to the foregoing reasons there would be decline in the sales in the 4th quarter of the year.

In the end, we would like to express our deepest concern with the people of Japan on this unexpected natural disaster and hope that this Great nation would overcome this hardship in a short span of time. We would also like to express 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 : April 23, 2011