

Directors' Report

The Directors of your Company are pleased to issue this report on the financial position and performance of your Company for the 3rd quarter ended March 31, 2013.

Sales for the period was Rs.2.42 billion as compared to Rs. 3.01 billion of the corresponding period of last year, thus registering a decline of 19.7%. The profit before tax has also declined from Rs. 514.4 million to Rs. 295.0 million, a shortfall of Rs. 219.4 million or 42.7% as compared to corresponding period of last year.

The decline in the Profit before tax was mainly due to the drop in the sale of passenger cars which is attributed to the inconsistent and adverse policies of the Government as regards to the import of used cars. Although the revised policy did bring some relief in the third quarter, the shortfall incurred in the earlier part of the year could not be fully recovered. The Tractor segment also has its own challenges after the increase in the Sales Tax rate from 5% to 10%. The volume of the tractors also witnessed a declining trend in this quarter due to the increase in prices of tractors. Motorcycle production volumes remained stable.

The projection being received from the auto makers is positive for the remaining part of the year. However, lot depends on the outcome of the general elections, the post-election scenario and the policies of the new Government towards the Engineering segment. We urge the Government to prepare a long term strategic plan for the automobiles, aiming at enhancing the volumes of the localized vehicles in order to ensure a formidable growth of this sector.

AGRIAUTO STAMPING COMPANY (PVT) LIMITED (ASC)

Masha-Allah, the work on the construction on the new facility at Port Qassim is progressing as per schedule. Currently the pre-fabricated building is being installed and thereafter the work on the installation of the presses will commence.

Two engineers sent for training at Ojihara Thailand are back after completing their three months training on quality control and machine & dies maintenance. In total these seven trainees will be the backbone of the company as they have been trained in their specialized areas to produce world class parts.

We would 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 for the progress of the Company.

On behalf of the Board of Directors.

Fahim Kapadia
Chief Executive

Dated : April 18, 2013