

DIRECTOR'S REPORT TO THE MEMBERS

The Directors of your Company feel pleased to report the financial position and performance of your Company for the first quarter ended September 30, 2009.

Sales achieved for the period was Rs. 782.65 million as compared to Rs. 382.53 million for the corresponding period last year thus registering an increase of Rs. 400.12 million i.e. 104.6%. The profit (unaudited) before tax increased from Rs. 43.31 million to Rs. 154.86 million, an increase of Rs. 111.5 million i.e. 257.5% as compared to corresponding period last year. This quantum increase was largely attributable to comparatively higher sales by auto assemblers besides negotiating quarterly price corrections emanating from adjustments of Pak Rupee parity with international currencies mainly Japanese Yen to ward off adverse impact of higher imported input cost.

The car sales during the first quarter 2009–10 were better as compared to corresponding period last year. It is expected that second quarter ending December 2009 should also witness steady car sales barring any political and security concerns. Some of the key factors stimulating car sales is the withdrawal of FED, monetary easing and slight decline in the interest rate besides a good crop harvest.

The replacement market sales grew by 26.13% as compared to previous quarter whereas tractor part sales grew by 41.45% and two/three wheeler sales by 68.9%.

The sheet metal (stamping) parts business which got operational early this year is gradually growing and efforts to secure higher volume of business from auto-industry as well as from appliances, steel furniture, lighting industry and other diversified sources are underway to improve capacity utilization over time.

Your company is also actively engaged in the development of new automotive, tractor and two-wheeler parts to further augment growth and profitability.

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

Qazi Ebadullah Khan
Chief Executive

Dated: October 21, 2009