

## **DIRECTORS' REPORT**

The Directors of your Company are pleased to issue this report on the financial position and performance of your Company for the first quarter ended September 30, 2010.

Sales achieved for the period was Rs. 956.05 million as compared to Rs. 782.65 million of the corresponding period last year thus registering an increase of 22%. The profit before tax has decreased from Rs. 154.86 million to Rs. 146.62 million, a decrease of Rs. 8.24 million or 5% as compared to corresponding period of last year.

The growth in sales is mainly attributed to increased sales in the passenger car segment however due to rapid appreciation in the value of the Japanese Yen our prices could not keep pace with these increased costs. All other costs are well under control.

The Management of your Company is very cautiously monitoring the impact of recent devastating floods on the automotive sector. We expect to have some adverse impact especially in the two wheeler segment as the ultimate users of these products have been the worst hit segment. The other major factor affecting the future auto sales is the deteriorating law and order situation. Nevertheless, we are striving to find new business opportunities to maintain a steady growth in the foreseeable future.

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 : October 25, 2010