

# Directors' Report

The Directors of your Company are pleased to issue this report on the performance of your company and the unaudited financial position for the 1st quarter ended September 30, 2012.

Sales for the period were Rs. 858.0 million as compared to Rs. 897.8 million in the corresponding period last year thus registering a decline of 4.3%. The profit before tax has also declined from Rs. 141.3 million to Rs. 115.0 million, a decline of 18% as compared to the corresponding period of last year.

The main reason for the decline in the sales and profitability is attributed to reduced volumes in the passenger car segment. The forecast being received from the car assemblers is also not encouraging and there is a substantial decline in the production quantities for the second quarter. This is because of abundant availability of used cars. This has resulted in significant buildup of inventory of imported raw material, besides causing lay off of some workers. Unless the government changes its policy, the auto industry will stagnate, if not decline with all attendant consequences.

The tractor segment is steady due to the introduction of Green Tractor Scheme by the Government of Punjab. We expect that this segment will perform better than last year. The motorcycle segment is showing a steady growth, but cannot replace the car segment business.

## **AGRIAUTO STAMPING COMPANY (PVT) LIMITED (ASC)**

We are pleased to update that work on the project is progressing as per plan. Currently the construction of boundary wall and site office is in final stage and the LOI for the facility development has been issued.

Major equipment including Presses has started arriving; orders for dies and tooling have been placed and progress on technical training of some of our employees at Ogihara is very satisfactory.

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 to support our customers and the progress of the Company.

On behalf of the Board of Directors.

**Fahim Kapadia**  
Chief Executive

Dated: October 18, 2012