

# Directors' Report

The Directors of your Company are pleased to issue this report on the financial position and performance of your Company for the 1st quarter ended September 30, 2014.

Sales for the period under review remained at Rs.0.888 billion compared to Rs. 0.751 billion same period last year, registering a growth of 18%. Profit before tax also grew from Rs. 67 million to Rs. 108 million, growth of 62% over the last year. The growth in sales and profitability is mainly attributable to the growth in the passenger car segment.

We understand that the Auto Industry Policy for 2014-19 is in final stages and very soon it would be approved by the ECC. We have observed that the policy is geared towards the free imports of parts by the new entrants whereas the interests of the local manufacturing sector have not been well protected. We urge the Government to take on board all the stakeholders to have a long term sustainable policy in the interest of the country especially the industrial sector which is providing employment to the masses and upgrading their skill level to prepare them to produce world class quality parts.

We are optimistic that in the current financial year the volumes of the passenger cars will substantially increase and in return our sales revenue will also increase. Apna Rozgar Tax Scheme of Government of Punjab which was planned to commence from October 2014 is being delayed and we foresee that the scheme will now start from the 3rd quarter of this year. Due to delayed start the total volume projected for the year will also decline. We are geared to cater for these additional volumes.

Tractor manufacturing is also on increase after the reduction of sales tax from 16% to 10% with effect from 1 July 2014. The projections being received from tractors manufacturers for the entire year is also encouraging. Motorcycle industry overall is depicting some decline however, we expect that the volumes will increase in the following months.

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

The production from the new plant which started in July 2014 is ongoing without any interruption or delays. The facility has the advantage to supply on-time deliveries to its customer, being in the same proximity. This is result of the in-depth planning and taking all measures for the start-up activities. We are very thankful to our Technical Partners, M/s. Ogihara Thailand for all their help and assistance to ensure smooth start-up.

As per plan the production of additional parts will commence from the 3rd quarter of this year which will give additional sales volumes and profitability to the business. All necessary preparation has been made to start-up the additional volumes which comprises of stamping and assembly of high tensile material which requires high level of skill as compared to low tensile material.

In the end, we would like to express our sincerest 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 : October 25, 2014