

## Directors' Report

The Directors of Indus Motor Company Limited take pleasure in presenting the Directors' Report, together with the Accounts of the Company for the year ended June 30, 2011 and recommend the following appropriations:

	2011	2010
	(Rupees in '000)	
<b>Profit After Taxation</b>	<b>2,743,384</b>	3,443,403
Unappropriated Profit from prior year	14	11
Profit for appropriation	<u>2,743,398</u>	<u>3,443,414</u>
<b>Appropriations</b>		
Interim @ 50% i.e. Rs 5 per share (2010: 50% i.e. Rs 5 per share)	<u>393,000</u>	393,000
Unappropriated Profit Carried Forward	<u>2,350,398</u>	<u>3,050,414</u>
<b>Subsequent Effects</b>		
Proposed Final Dividend @ 100% i.e. Rs 10 per share (2010: 100% i.e. Rs 10 per share)	<u>786,000</u>	786,000
Transfer to General Reserves	<u>1,564,300</u>	<u>2,264,400</u>
	<u>2,350,300</u>	<u>3,050,400</u>
<b>Basic and Diluted Earnings Per Share</b>	<u>34.90</u>	<u>43.81</u>

### Code of Corporate Governance

The Board members are pleased to state that the management of the company is committed to good corporate governance and complying with the best practices. In compliance with the Code of Corporate Governance, the Directors are pleased to state as follows:

- » The financial statements prepared by the management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- » Proper books of accounts of the Company have been maintained.
- » Appropriate accounting policies have been consistently applied in preparation of the financial statements and accounting estimates are based on reasonable and prudent judgment.
- » International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of the financial statements.
- » The system of internal control is sound in design and has been effectively implemented and monitored.
- » There are no significant doubts upon the Company's ability to continue as a going concern.
- » There has been no material departure from the best practices of corporate governance as detailed in the listing regulations.

### Key Operating and Financial Data

The Key Operating and Financial Data is mentioned on pages 111 to 112.

### Appointment of Auditors

The present auditors, M/s A.F. Ferguson & Co., Chartered Accountants retire at the conclusion of the meeting and, being eligible, offer themselves for re-appointment. The directors endorse recommendation of the Audit Committee for re-appointment of M/s A.F. Ferguson & Co., as the auditors for the financial year 2011-12.

### Chairman's Review

The Directors of the Company endorse the contents of the Chairman's Review dealing with the Company's performance, major activities carried out during the year and future outlook.

### Investments of Retirement Benefit Funds

The following are the values of Investments held by the retirement benefit funds at the year end:

	2011	2010
	(Rupees in '000)	
Indus Motor Company Limited Employees' Provident Fund	281,696	233,184
Indus Motor Company Limited Employees' Pension Fund	151,728	121,064

### Government Levies

Government levies outstanding as at June 30, 2011 have been disclosed in Note No. 17 to the Financial Statements.

### Board of Directors Meeting

A total of Four meetings of the Board of Directors were held during the period of 12 months from July 01, 2010 to June 30, 2011. Attendance by each director is as follows:

Name of Directors	Number of Meetings Attended
Mr. Ali S. Habib	4
Mr. Koji Hyodo	4
Mr. Parvez Ghias	4
Mr. Farhad Zulficar	4
Mr. Mohamedali R. Habib	3
Mr. T. Iwase / Mr. M. Sonoda (Ex-Director) / Mr. T. Inuzuka (Alternate) / Mr. M. Aoi (Alternate)	4
Mr. Makoto Ito / Mr. Katsuhiko Nagai (Alternate) / Mr. Ryoji Fujita (Alternate)	4
Mr. Mitoshi Okimoto	3
Mr. M. Ilyas Suri	4

During the year, Mr. Takahiro Iwase has been appointed as director from June 17, 2011, on resignation of Mr. Mitsuhiro Sonoda, who resigned on May 23, 2011. Subsequent to the year end, Mr. Hiroyuki Niwa has been appointed as director from July 1, 2011, on resignation of Mr. Makoto Ito on the same date. The Board acknowledges the valuable contributions made by the outgoing directors.

### Board Audit Committee

The Board Audit Committee comprises of four non-executive directors, including the Chairman of the Board Audit Committee.

The terms of reference of the Committee include reviews of annual and quarterly financial statements, internal audit report, information before dissemination to Stock Exchanges and proposal for appointment of external auditors for approval of the shareholders, apart from other matters of significant nature. Four meetings were held during the period under review.

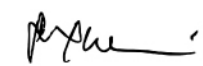
### Trading of Shares of the Company

The Directors, Chief Executive Officer, Chief Financial Officer, Company Secretary and their spouses and minor children have not carried out any transaction in the shares of the Company during the year.

### Pattern of Shareholding

The Pattern of Shareholding of the Company as at June 30, 2011 is given on pages 108 to 109.

Karachi.  
August 24, 2011



Parvez Ghias  
Chief Executive Officer



Koji Hyodo  
Vice Chairman & Director