



# Quarterly Financial Statements

(Un-Audited)

September 30, 2018



Sazgar Engineering Works Limited

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ



# **SAZGAR ENGINEERING WORKS LIMITED**

## **Contents**

<b>Vision, Mission and Corporate Strategy</b>	<b>1</b>
<b>Company Information</b>	<b>2</b>
<b>Directors' Review</b>	<b>3</b>
<b>Condensed Interim Statement of Financial Position</b>	<b>5</b>
<b>Condensed Interim Profit and Loss Account</b>	<b>6</b>
<b>Condensed Interim Statement of Comprehensive Income</b>	<b>7</b>
<b>Condensed Interim Statement of Changes in Equity</b>	<b>8</b>
<b>Condensed Interim Cash Flow Statement</b>	<b>9</b>
<b>Notes to the Condensed Interim Financial Statements</b>	<b>10</b>



## Vision

Dynamic, Quality Conscious and Ever Progressive

## Mission

- To be market leader in providing safe, economical, durable, comfortable and environment friendly means of transportation of international quality at competitive prices
- To achieve market leadership in automotive wheel-rims of all types and sizes
- Grow through innovation of new products and
- Give higher return to the stakeholders.

## Corporate Strategy

Achieve optimal performance in production and sale; continuously add value added products at competitive prices by maintaining "quality" as core element; focus on customers' satisfaction regarding sale, spares and service; explore new markets and enhance customers base; ensure right usage of company's resources; create employment opportunities; protect the interest of stakeholders; and be a part of the country's development.



## COMPANY INFORMATION

### BOARD OF DIRECTORS

Mrs. Saira Asad Hameed  
Chairperson/Non-Executive Director

Mr. Mian Asad Hameed  
Chief Executive

Mr. Saeed Iqbal Khan  
Executive Director

Mr. Mian Muhammad Ali Hameed  
Executive Director

Mr. Mian Zafar Hameed  
Non-Executive Director

Mrs. Sana Suleyman  
Non-Executive Director

Mr. Humza Amjad Wazir  
Non-Executive Director

Mr. Ahsan Ejaz  
Independent Director

Mr. Anwar Ali  
Independent Director

### COMPANY SECRETARY

Mr. Arshad Mahmood - FCA

### CHIEF FINANCIAL OFFICER

Mr. Muhammad Atif Rao

### REGISTERED OFFICE

88 - Ali Town, Thokar Niaz Baig,  
Raiwind Road, Lahore.  
website: [www.sazgarautos.com](http://www.sazgarautos.com)

### SHARE REGISTRAR

Corp Tec Associates (Pvt.) Limited  
503-E, Johar Town, Lahore.  
Ph# 042-35170336-37  
Fax# 042-35170338

### FACTORY

18-KM Raiwind Road, Lahore.

### AUDIT COMMITTEE

Mr. Ahsan Ejaz  
Chairman

Mr. Anwar Ali  
Member

Mrs. Sana Suleyman  
Member

Mr. Arshad Mahmood  
Secretary

### HUMAN RESOURCE & REMUNERATION COMMITTEE

Mr. Anwar Ali  
Chairman

Mr. Saeed Iqbal Khan  
Member

Mr. Humza Amjad Wazir  
Member

Mr. Arshad Mahmood  
Secretary

### AUDITORS

H.Y.K & Co.  
Chartered Accountants

### BANKERS

Allied Bank Limited  
National Bank of Pakistan  
Bank Alfalah Limited  
Faysal Bank Limited  
Habib Bank Limited  
The Bank of Punjab  
Summit Bank Limited  
NIB Bank Limited  
Meezan Bank Limited  
Soneri Bank Limited  
United Bank Limited  
Bank Al - Habib Limited  
Askari Bank Limited  
MCB Islamic Bank Limited



## SAZGAR ENGINEERING WORKS LIMITED

### ڈائریکٹرز کا جائزہ

آپ کی کمپنی کے ڈائریکٹرز 30 ستمبر 2018 کو مکمل ہونے والی پہلی سہ ماہی کے لئے کمپنی کے معاملات پر بخوشی اپنا جائزہ پیش کرتے ہیں۔

### مالیاتی نتائج:

اس سہ ماہی میں کمپنی کی مجموعی فروخت 9.09 فی صدی کے ساتھ پچھلے مالیاتی سال کی سہ ماہی کے مقابلہ میں 921.96 ملین روپے سے کم ہو کر 838.19 ملین روپے ہو گئی ہے، مجموعی منافع 11.13 فی صدی سے 101.24 ملین روپے سے کم ہو کر 89.97 ملین روپے ہو گیا ہے، قبل از ٹیکس منافع 23.57 فی صدی سے 52.86 ملین روپے سے کم ہو کر 40.40 ملین روپے ہو گیا ہے اور آمدنی فی حصص (re-stated) 1.74 روپے سے کم ہو کر 1.36 روپے ہو گئی ہے۔

کمپنی نے پچھلے سال کی سہ ماہی کی پیداوار 5,683 عدد کے مقابلہ میں 21.56 فی صدی کے ساتھ اس سہ ماہی میں 4,458 عدد رکشے بنائے۔

کمپنی نے پچھلے سال کی سہ ماہی کی پیداوار 25,445 عدد کے مقابلہ میں 32.37 فی صدی کے ساتھ اس سہ ماہی میں 17,209 عدد ریٹرویل معز بنائے۔

موجودہ جائزہ کی مدت کے دوران پاکستانی روپے کی قدر میں کمی اور اس کے نتیجے میں آٹورکشہ کی قیمت فروخت میں اضافہ کی وجہ سے، آٹورکشہ کی فروخت کے حجم پر منفی اثر پڑا ہے ٹریکٹری بنگلہ میں کمی خاص طور پر فیت ٹریکٹری بنگلہ میں کمی کے نتیجے میں ٹریکٹرویل رمز کی طلب میں کمی ہوئی ہے۔

### مستقبل پر نقطہ نظر:

جائزہ کی مدت کے بعد، فنانس مینی (ترجمی) ایکٹ 2018 کے ذریعے آٹورکشہ کے خریداروں پر آگٹیکس فاکرڈ کی شرط عائد کر دی گئی ہے۔ آپ کی کمپنی سمجھتی ہے یہ غیر ارادی طور پر کیا گیا ہے کیوں کہ پہلے ہی ایف بی آر نے سرکل نمبر 03، 2018 کے تحت آگٹیکس فاکرڈ کی شرط سے آٹورکشہ کو مستثناء کر دیا ہے۔ اس شرط کو ختم کرنے کے لئے کمپنی قانونی اور انتظامی اقدامات کر رہی ہے اور توقع رکھتی ہے کہ ان اقدامات سے اچھے نتائج حاصل ہوں گے۔

اس کے علاوہ غیر یقینی معاشی حالت، بڑھتے ہوئے افراط زر کا رجحان اور پاکستانی روپے کی قدر میں مسلسل کمی، جائزہ کی مدت کے بعد کمپنی کے ریونیو اور منافع پر برا اثر ڈال سکتی ہے۔ کمپنی مارکیٹ کا قریب نظری سے جائزہ لے رہی ہے اور فروخت، حجم کو بہتر کرنے کے لئے مستقل طور پر خاطر خواہ اقدامات کر رہی ہے۔

ڈائریکٹرز کمپنی کے ملازمین کی انتھک کوششوں، ٹیم ورک اور لگن جس کا اظہار انہوں نے موجودہ عرصہ کے دوران کیا ہے، کے شکر گزار ہیں۔ وہ اپنے معزز حصص داران کا روبرو باری شراکت دار اور مالی اداروں کے کمپنی کے ساتھ مسلسل تعاون کرنے پر بھی شکر گزار ہیں۔

بورڈ آف ڈائریکٹرز کی جانب سے

*Saeed*

سعید اقبال خان

ڈائریکٹر

*M. Ali*

میمن اسد سعید

چیف ایگزیکٹو

لاہور

مورخہ 22 اکتوبر 2018



## DIRECTORS' REVIEW

The directors of your Company are pleased to present their review on the affairs of the Company for the first quarter ended September 30, 2018.

### Financial Results:

During this quarter, the Company's net sale has decreased by 9.09% from Rs. 921.96 M to Rs. 838.19 M, gross profit by 11.13% from Rs. 101.24 M to Rs. 89.97 M, pretax profit by 23.57% from Rs. 52.86 M to Rs. 40.40 M and earnings per share from Rs. 1.74 (re-stated) to Rs. 1.36 as compared to the corresponding period of last financial year.

The Company produced 4,458 units of Auto Rickshaws during this period compared with 5,683 units of auto rickshaw produced during corresponding period of last year showing a decline of 21.56%.

The Company produced 17,209 tractor wheel rims during the current period compared with 25,445 wheel rims of corresponding period of last year showing a decrease of 32.37%.

Constant devaluation of Pak Rupee and consequent increase in selling prices of auto rickshaw have adversely affected the sales volume of Auto Rickshaws during the period under review. The reduction in booking of tractors specifically FIAT tractors has resulted in lower demand of tractor wheel rims.

### Future Outlook:

Condition of income tax filer has been imposed on buyers of Auto Rickshaw through The Finance Supplementary (Amendment) Act, 2018 subsequent to the period under review. Your Company understands, this has been done inadvertently because FBR has already excluded the auto rickshaw from the application of condition of income tax filer vide its circular 03 of 2018. The Company is taking legal as well as administrative measures for the strike down of the said condition and expects a favorable outcome from these measures.


Moreover, the unstable economic conditions, rising inflationary trend and constant devaluation of Pak Rupee may adversely affect the revenue and profitability of the company subsequent to the period under review. The Company is monitoring the market situation closely and constantly taking remedial measures to improve the sales volume.


The directors would like to place on record their appreciation for the untiring efforts, teamwork and dedication shown by the company's employees during the period under review. They would also like to express their gratitude to the valued shareholders, customers, suppliers and financial institutions for their co-operation, constant support and trust on the Company.

For and on behalf of the Board

Lahore

Dated: 22-10-2018

  
Mian Asad Hameed  
(Chief Executive)

  
Saeed Iqbal Khan  
(Director)



# SAZGAR ENGINEERING WORKS LIMITED

## CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED) AS AT SEPTEMBER 30, 2018

	Note	Un-audited September 30, 2018 Rupees	Audited June 30, 2018 Rupees
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized share capital	4.1	500,000,000	500,000,000
Issued, subscribed and paid-up share capital	4.2	215,668,420	215,668,420
Revenue reserve - Un-appropriated Profit		771,063,280	741,695,967
		986,731,700	957,364,387
<b>LIABILITIES</b>			
<b>NON CURRENT LIABILITIES</b>			
Long term financing		-	-
Deferred Liabilities		165,617,686	159,602,557
<b>CURRENT LIABILITIES</b>			
Trade and other payables		520,927,579	485,425,032
Unclaimed dividend		1,615,820	1,621,865
Mark-up & profit accrued on loans and other payables		1,378,705	2,849,361
Short term borrowings		108,052,813	-
		631,974,917	489,896,258
<b>CONTINGENCIES AND COMMITMENTS</b>			
	5	-	-
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,784,324,303</b>	<b>1,606,863,202</b>
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Property, Plant and Equipment	6	719,593,052	708,803,655
Intangible Assets	7	7,875	10,575
<b>LONG TERM LOANS AND ADVANCES</b>			
		21,490,869	18,120,968
<b>LONG TERM DEPOSITS</b>			
		3,088,705	2,998,705
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools		3,868,760	3,765,161
Stock-in-trade		591,407,487	477,786,294
Trade debts		112,013,524	97,613,278
Loans & advances		13,781,267	13,396,450
Trade deposits and short term prepayments		165,256,872	136,474,876
Other receivables		123,851,588	112,568,437
Cash and bank balances		29,964,304	35,324,803
		1,040,143,802	876,929,299
<b>TOTAL ASSETS</b>		<b>1,784,324,303</b>	<b>1,606,863,202</b>

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

**MIAN ASAD HAMEED**  
CHIEF EXECUTIVE

**SAEED IQBAL KHAN**  
DIRECTOR

**MUHAMMAD ATIF RAO**  
CHIEF FINANCIAL OFFICER





# SAZGAR ENGINEERING WORKS LIMITED

## CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2018

		September 30, 2018	September 30, 2017
	Note	Rupees	Rupees
Sales - Net	8	838,193,623	921,959,171
Cost of sales	9	748,219,991	820,714,290
<b>Gross Profit</b>		<b>89,973,632</b>	<b>101,244,881</b>
Distribution cost		22,090,643	25,091,089
Administrative expenses		23,504,513	18,158,761
Other operating expenses		3,069,740	3,941,622
		48,664,896	47,191,472
		41,308,736	54,053,409
Other income		1,199,470	503,911
<b>Operating profit before finance cost</b>		<b>42,508,206</b>	<b>54,557,320</b>
Finance cost		2,109,486	1,697,878
<b>Profit before taxation</b>		<b>40,398,720</b>	<b>52,859,442</b>
Taxation	10	11,031,407	15,249,031
<b>Profit after taxation</b>		<b>29,367,313</b>	<b>37,610,411</b>
<b>Earnings per share - Basic and diluted</b>	11	<b>1.36</b>	Restated 1.74

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

MIAN ASAD HAMEED  
CHIEF EXECUTIVE

SAEED IQBAL KHAN  
DIRECTOR

MUHAMMAD ATIF RAO  
CHIEF FINANCIAL OFFICER



# SAZGAR ENGINEERING WORKS LIMITED

## CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2018

Note	September 30, 2018	September 30, 2017
	Rupees	Rupees
PROFIT AFTER TAXATION FOR THE PERIOD	29,367,313	37,610,411
OTHER COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	29,367,313	37,610,411

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

MIAN ASAD HAMEED  
CHIEF EXECUTIVE

SAEED IQBAL KHAN  
DIRECTOR

MUHAMMAD ATIF RAO  
CHIEF FINANCIAL OFFICER



# SAZGAR ENGINEERING WORKS LIMITED

## CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2018

	Share Capital Rupees	Un-appropriated Profit Rupees	Total Rupees
Balance as at June 30, 2017 - Audited	179,723,680	594,064,626	773,788,306
Comprehensive Income for the Period			
Profit after taxation	-	37,610,411	37,610,411
Other Comprehensive Income / (Loss)	-	-	-
Total Comprehensive Income for the period ended September 30, 2017	-	37,610,411	37,610,411
Balance as at September 30, 2017 - Un-audited	179,723,680	631,675,038	811,398,718
Balance as at June 30, 2018 - Audited	215,668,420	741,695,967	957,364,387
Comprehensive Income for the period			
Profit after taxation	-	29,367,313	29,367,313
Other Comprehensive Income / (Loss)	-	-	-
Total comprehensive income for the period ended September 30, 2018	-	29,367,313	29,367,313
Balance as at September 30, 2018 - Un-audited	215,668,420	771,063,280	986,731,700

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

MIAN ASAD HAMEED  
CHIEF EXECUTIVE

SAEED IQBAL KHAN  
DIRECTOR

MUHAMMAD ATIF RAO  
CHIEF FINANCIAL OFFICER



# SAZGAR ENGINEERING WORKS LIMITED

## CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2018

	September 30, 2018 Rupees	September 30, 2017 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	40,398,720	52,859,442
<b>Adjustment for non cash charges and other items:</b>		
Depreciation	4,477,505	4,864,412
Amortization	2,700	17,527
Provision for staff retirement gratuity	7,164,592	6,798,939
Finance cost	2,109,486	1,697,878
Other Income	(1,199,470)	(503,911)
	<b>12,554,813</b>	<b>12,874,845</b>
	<b>52,953,533</b>	<b>65,734,287</b>
<b>Working capital changes</b>		
<b>(Increase)/Decrease in current assets</b>		
Store, spares and loose tools	(103,599)	(2,484,750)
Stock-in-trade	(113,621,193)	(61,923,644)
Trade debts	(14,400,246)	(29,155,404)
Loans & Advances	(384,817)	(1,562,022)
Trade Deposits and short term prepayments	(28,781,996)	(76,029,076)
Other receivables	-	20,000
<b>Increase in current liabilities</b>		
Trade and other payables	46,961,262	119,066,044
<b>(Increase) / decrease in Long term loans and advances</b>	<b>(3,369,901)</b>	<b>4,272,414</b>
	<b>(113,700,490)</b>	<b>(47,796,438)</b>
<b>Cash (Used in) / generated from operations</b>	<b>(60,746,957)</b>	<b>17,937,849</b>
<b>Finance cost paid</b>	<b>(3,580,142)</b>	<b>(1,126,188)</b>
Income tax paid/deducted at source	(23,349,249)	(23,241,097)
Employees retirement benefit - gratuity paid	(167,467)	(902,620)
Workers' Profit Participation Fund Paid	(10,994,813)	-
<b>Net cash Used in operating activities</b>	<b>(98,838,628)</b>	<b>(7,332,056)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Property, plant and equipment purchased	(15,928,640)	(13,470,504)
Increase in long term deposits	(90,000)	-
Proceeds from sale of property, plant and equipment	1,450,000	-
<b>Net cash used in investing activities</b>	<b>(14,568,640)</b>	<b>(13,470,504)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds of short term borrowings	302,807,213	-
Repayment of short term borrowings	(194,754,399)	-
Repayment of finance lease	-	(56,310)
Dividend paid	(6,045)	(291,774)
<b>Net cash generated from / (used in) financing activities</b>	<b>108,046,769</b>	<b>(348,084)</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(5,360,499)</b>	<b>(21,150,644)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<b>35,324,803</b>	<b>67,302,890</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>29,964,304</b>	<b>46,152,246</b>

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.



**MIAN ASAD HAMEED**  
CHIEF EXECUTIVE



**SAEED IQBAL KHAN**  
DIRECTOR



**MUHAMMAD ATIF RAO**  
CHIEF FINANCIAL OFFICER



# SAZGAR ENGINEERING WORKS LIMITED

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2018

### 1 LEGAL STATUS AND OPERATIONS

Sazgar Engineering Works Limited was incorporated in Pakistan on September 21, 1991 as a Private Limited Company and converted into a Public Limited Company on November 21, 1994. The Company is listed on the Pakistan Stock Exchange Limited. The Company is engaged in the manufacture and sale of automobiles, automotive parts and household electric appliances. The registered office of the company is situated at 88- Ali Town, Thokar Niaz Baig, Raiwind Road, Lahore. The three wheeler, wheel rim and household electric appliances manufacturing facility is located at 18 K.m Raiwind Road, Lahore and construction of four wheeler manufacturing facility is situated at Mouza Bhai kot, near tablighi ijta, Raiwind, Lahore.

### 2 BASIS OF PREPARATION

2.1 These condensed interim financial statements (un-audited) of the Company for the three month ended September 30, 2018 have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of; International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and provisions of and directives issued under the Companies Act, 2017 (the "Act"). Where the provisions of and directives issued under the Companies Act, 2017 (the "Act") differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 (the "Act") have been followed.

2.2 These condensed interim financial statements (un-audited) are being submitted to the shareholders as required by section 237 of The Companies Act, 2017 (the "Act").

2.3 These condensed interim financial statements do not include all the information and disclosures as required in the annual financial statements and should be read in conjunction with the Company's annual audited financial statements for the year ended June 30, 2018.

### 2.4 FINANCIAL RISK MANAGEMENT, FINANCIAL INSTRUMENTS AND ACCOUNTING ESTIMATES AND JUDGMENTS

#### 2.4.1 Financial risk factors

The Company's activities expose to a variety of financial risks namely market risk (including currency risk, price risk and interest rate risk), credit risk, foreign exchange risk and liquidity risk. There has been no change in the risk management policies during the period, consequently these condensed interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements.

#### 2.4.2 Fair Value of financial assets and liabilities

The carrying value of all financial assets and liabilities reflected in these condensed interim financial statements approximate their fair value.

#### 2.4.3 Accounting Estimates and judgments

The preparation of interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amount of assets and liabilities, incomes and expenses. Actual results may differ from these estimates. The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation are the same as those that applied to the financial statements for the year ended June 30, 2018.

### 2.5 CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard 34- 'Interim Financial Reporting', the condensed statement of interim financial position has been compared with the balances of annual audited financial statements of preceding financial year, whereas, the condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim cash flow statement have been compared with the balances of comparable period of immediately preceding financial year.



# SAZGAR ENGINEERING WORKS LIMITED

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2018

### 3 STATEMENT OF CONSISTENCY IN ACCOUNTING POLICIES

3.1 The accounting policies adopted in the preparation of these condensed interim financial statements are consistent with those applied in the preparation of the annual audited financial statements for the year ended June 30, 2018.

3.2 Certain standards, amendments and interpretations of approved accounting standards will be effective for accounting periods but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in these condensed interim financial statements, except for the following:

New accounting standards, IFRIC interpretations and amendments to the published approved accounting standards that are effective for accounting periods as detailed below:

Standards or Interpretation	Effective date
IFRS-9 Financial instruments; classification and measurement of financial assets and liabilities.	July 01, 2018
IFRS-15 Revenue from contracts with customers	July 01, 2018
IFRS-16 Leases	January 01, 2019
IAS-19 Employee benefits' on plan amendment, curtailment or settlement	January 01, 2019
IFRIC 22 Foreign currency transactions and advance consideration	January 01, 2019
IFRIC 23 Uncertainty over income tax treatments	January 01, 2019

The above standards, amendments and interpretations changes are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements except for increased disclosures in certain cases.

### 4 SHARE CAPITAL

#### 4.1 AUTHORIZED SHARE CAPITAL

Un-audited September 30, 2018	Audited June 30, 2018		Un-audited September 30, 2018	Audited June 30, 2018
Number	Number		Rupees	Rupees
50,000,000	50,000,000	Ordinary shares of Rupees 10 each	500,000,000	500,000,000

#### 4.2 ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

7,163,000	7,163,000	ordinary shares of Rupees 10/- each fully paid up in cash.	71,630,000	71,630,000
14,403,842	14,403,842	ordinary shares of Rupees 10/- each allotted as bonus shares.	144,038,420	144,038,420
21,566,842	21,566,842		215,668,420	215,668,420

### 5 CONTINGENCIES AND COMMITMENTS

#### 5.1 Contingencies

There is no significant change in contingencies from the preceding annual published financial statement of the Company for the year ended June 30, 2018. Except the following;

- 5.1.1 ACIR initiated proceedings under section 122 (5A) of Income Tax Ordinance 2001 for tax year 2017 and created a tax demand of Rs. 11,385,589/- as on September 26, 2018. The company intends to file an appeal against this order with CIR (Appeals). In the opinion of tax consultant, favorable outcome of the appeal is expected, hence no provision is made in these financial statements.



# SAZGAR ENGINEERING WORKS LIMITED

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2018

**5.1.2** As per note no. 15.1.11 of the financial statements for the year ended June 30, 2018, during the period, The Tax demand of Rs. 387,050,666/- under section 121(1)/122(2) of Income Tax Ordinance 2001 for the tax year 2012 has been annulled by the CIR (Appeals) with the directions to the learned OIR to proceed afresh on the basis of facts available on record and show cause notice.

### 5.2 Commitments

**5.2.1** Commitments in respect of outstanding letters of credit for raw material amount to Rs. 199.72 Million (June 30, 2018: Rs. 254.96 Million).

**5.2.2** Commitments in respect of capital expenditures amount to Rs. 168.60 Million (June 30, 2018: Rs. 161.40 Million).

	Note	Un-audited September 30, 2018 Rupees	Audited June 30, 2018 Rupees
<b>6 PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	6.1	343,887,801	346,844,374
Capital work in progress		373,249,251	361,959,281
Advance for purchase of vehicles		2,456,000	-
		<b>719,593,052</b>	<b>708,803,655</b>
<b>6.1 OPERATING FIXED ASSETS - Tangible</b>			
Opening book value		346,844,374	264,189,676
Add:			
Additions during the period (at cost)			
- Freehold Land		-	87,859,932
- Plant and machinery		549,450	10,502,094
- Furniture and Fittings		402,560	-
- Office equipments		533,960	1,660,333
- Electric installations		696,700	-
- Vehicles		-	2,700,500
		<b>2,182,670</b>	<b>102,722,859</b>
Less:			
Disposal during the period (at net book value)			
- Vehicles		661,737	-
Depreciation charged during the period		4,477,505	20,068,160
		<b>5,139,242</b>	<b>20,068,160</b>
Closing book value		<b>343,887,801</b>	<b>346,844,374</b>
<b>6.2 CAPITAL WORK IN PROGRESS</b>			
Opening Balance		361,959,281	267,517,497
Additions during the period			
- Plant and machinery		-	23,209,201
- Building and Civil Works on freehold land		11,289,970	76,098,433
		<b>11,289,970</b>	<b>99,307,634</b>
Less Transferred during the period			
- Plant and machinery		-	4,865,850
Closing Balance		<b>373,249,251</b>	<b>361,959,281</b>
<b>7 INTANGIBLE ASSETS</b>			
Opening book value		10,575	50,819
Add: additions during the period		-	-
		<b>10,575</b>	<b>50,819</b>
Less: amortization charged during the period		2,700	40,244
Closing book value		<b>7,875</b>	<b>10,575</b>



# SAZGAR ENGINEERING WORKS LIMITED

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2018

		Un-audited July-Sep 2018 Rupees	Un-audited July-Sep 2017 Rupees
8	<b>SALES - NET</b>		
	Gross sales	8.1 1,035,257,963	1,141,464,504
	Less: Sales tax	148,039,744	161,237,121
	Sales returns	33,883,784	34,270,641
	Commission	15,140,812	23,997,571
		197,064,340	219,505,333
		<b>838,193,623</b>	<b>921,959,171</b>

8.1 This includes Rs. 0.92 million (September 30, 2017: Rs. 8.89 million) on account of export sales for the period.

9	<b>COST OF SALES</b>		
	Raw materials and components consumed	647,897,921	756,833,349
	Salaries, wages and other benefits	67,899,134	70,566,238
	Stores, spares and loose tools consumed	13,102,528	7,523,010
	Power and fuel charges	16,268,958	13,567,604
	Repair and maintenance	14,916,114	23,882,931
	Provision for slow moving items	652,350	845,150
	Other expenses	2,976,723	2,963,188
	Depreciation & Amortization	2,943,689	3,153,846
		766,657,417	879,335,316
	Opening work-in-process	11,921,639	13,548,770
	Closing work-in-process	(18,587,223)	(10,630,631)
	Cost of goods manufactured	759,991,833	882,253,455
	Opening finished goods	137,357,026	191,425,091
	Closing finished goods	(160,153,502)	(252,964,256)
		<b>748,219,991</b>	<b>820,714,290</b>

10	<b>TAXATION</b>		
	<b>Current</b>		
	For the period	10.1 12,013,404	15,143,729
	Prior period	-	-
	<b>Deferred</b>		
	For the period	(981,997)	105,302
		<b>11,031,407</b>	<b>15,249,031</b>

10.1 The rate of tax has decreased from 30% to 29% during the period.

11	EARNINGS PER SHARE - BASIC AND DILUTED			
	Basic Earnings Per Share			Restated
	Profit after taxation for the period	Rupees	29,367,313	37,610,411
	Weighted average number of ordinary shares	Number	21,566,842	21,566,842
	outstanding during the period - Note 4.2			
	Basic earnings per share	Rupees	1.36	1.74

11.1 Basic earnings per share has been calculated by dividing the profit attributable to equity holders of the Company by weighted average number of ordinary shares in issue during the period. The Company has issued Bonus Shares @ 20% subsequent to corresponding period accordingly, the earnings per share of the comparative period has been re-stated.

### 11.2 Diluted earnings per share

A diluted earnings per share has not been presented as the Company does not have any convertible instruments in issue as at September 30, 2018 and September 30, 2017 which would have any effect on earning per share if the option to convert is exercised.





# SAZGAR ENGINEERING WORKS LIMITED

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2018

	Un-audited July-Sep 2018 Rupees	Un-audited July-Sep 2017 Rupees
<b>12 TRANSACTIONS WITH RELATED PARTIES</b>		
<b>Transactions with key management personnel</b>		
Remuneration, Allowances and benefits paid to Chief Executive	6,650,000	3,150,000
Remuneration, Allowances and benefits paid to Executive Director (s)	4,375,000	2,975,000
Remuneration, Allowances and benefits paid to other Key Management personnel	8,691,200	7,641,480
<b>Transactions with Non Executive Director (s)</b>		
Meeting fee paid to Non-Executive Director (s)	270,000	255,000
<b>TOTAL</b>	<b>19,986,200</b>	<b>14,021,480</b>
<b>13 SEGMENT RESULTS</b>		
<b>Segment Revenue - Net</b>		
Home appliances	2,053,701	1,247,199
Auto parts	122,313,610	156,219,492
Auto rickshaw	713,826,312	764,492,480
Automobiles - Four Wheeler	-	-
<b>Total</b>	<b>838,193,623</b>	<b>921,959,171</b>
<b>Segment operating results</b>		
Home appliances	202,366	108,576
Auto parts	1,973,826	4,916,952
Auto rickshaw	44,734,065	50,900,289
Automobiles - Four Wheeler	(2,531,781)	-
<b>Total</b>	<b>44,378,476</b>	<b>55,925,817</b>
<b>14 DATE OF AUTHORIZATION FOR ISSUE</b>		
The Board of Directors of the Company has authorized these condensed interim financial statements for issue on October 22, 2018.		
<b>15 GENERAL</b>		
<b>15.1</b> The figures have been rounded off to the nearest Rupee.		

  
MIAN ASAD HAMEED  
CHIEF EXECUTIVE

  
SAEED IQBAL KHAN  
DIRECTOR

  
MUHAMMAD ATIF RAO  
CHIEF FINANCIAL OFFICER

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