



# Quarterly Financial Statements

(Un-Audited)

March 31, 2019



Sazgar Engineering Works Limited





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## **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 - Islamic Banking  
National Bank of Pakistan  
Bank Alfalah Limited  
Faysal Bank Limited  
Habib Bank Limited - Islamic Banking  
Summit Bank Limited  
Meezan Bank Limited  
United Bank Limited - UBL Ameen  
Bank Al - Habib Limited  
MCB Islamic Bank Limited







# SAZGAR ENGINEERING WORKS LIMITED

## DIRECTORS' REVIEW

The directors of your Company are pleased to present the un-audited condensed interim financial statements for the 3<sup>rd</sup> quarter and nine months ended March 31, 2019 along with their review on the affairs of the Company.

### Financial Results:

The demand of auto rickshaws remained lower due to uncertain economic conditions. Pak- Rupee is constantly losing its value against foreign currencies, the rate of inflation and borrowing cost is rising and resultantly input costs have increased substantially. This forced the company to pass on certain amount of impact to the customers of auto rickshaws in form of increase in prices. Possibly this will improve the profitability of the company.

Fortunately, the demand of tractor wheel rims has started to increase due to rise in booking of tractors which will positively affect the sales and profitability of the company in coming months.

The net sales of 3<sup>rd</sup> quarter has decreased by 11.69% from Rs. 1,176.358M to Rs. 1,038.790M, gross profit by 16.37% from Rs. 133.436M to Rs. 111.592M and pre-tax profit by 37.77% from Rs. 81.245M to Rs. 50.558M compared with the corresponding period of last year.

Whereas the nine months net sales has decreased by 18.40% from Rs. 2.978 **Billion** to Rs. 2.430 **Billion**, gross profit by 24.57% from Rs.339.006M to Rs.255.712M and pre-tax profit by 50.53% from Rs. 194.430M to Rs. 96.189M compared with the corresponding period of last year.

The earnings per share for the cumulatively nine months and 3<sup>rd</sup> quarter have decreased from Rs. 6.59 to Rs. 3.09 and from Rs. 2.69 to Rs. 1.58 respectively compared with the corresponding period of last year.

During the 3<sup>rd</sup> quarter and cumulatively nine months, the Company produced 4,607 & 12,832 units of Auto Rickshaws whereas during the corresponding periods of last year, the production was 5,536 and 17,176 units respectively.

The production of wheel rims was 18,240 & 51,518 in 3<sup>rd</sup> quarter and cumulatively nine months whereas the production of wheel rims during the same corresponding periods was 29,480 & 84,851 respectively.

### Progress on Four Wheeler Project:

Setting up of Four Wheeler Project is in progress as per schedule. The construction and civil work is almost completed. Procurement of plant & machinery, hiring of technical and marketing staff is in process. The company has also initiated the process of establishment of dealership network.

### Future Outlook:

The present economic conditions are big challenges to face in future period. The country's economic decision makers have to take prudent decisions to put the economy on right track and to restore the confidence of investors. The company is committed to pass through these challenges by taking suitable measures for achieving the growth in sales volume and profitability.

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: 23-04-2019

  
Mian Asad Hameed  
(Chief Executive)

  
Saeed Iqbal Khan  
(Director)



# SAZGAR ENGINEERING WORKS LIMITED

## CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED) AS AT MARCH 31, 2019

	Note	Un-audited March 31, 2019 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		808,375,655	741,695,967
		<b>1,024,044,075</b>	<b>957,364,387</b>
<b>LIABILITIES</b>			
<b>NON CURRENT LIABILITIES</b>			
Long term financing		215,651,618	-
Deferred Liabilities		177,060,616	159,602,557
<b>CURRENT LIABILITIES</b>			
Trade and other payables		556,905,627	485,425,032
Unclaimed dividend		1,516,747	1,621,865
Mark-up & profit accrued on loans and other payables		8,256,548	2,849,361
Short term borrowings		36,791,158	-
		<b>603,470,080</b>	<b>489,896,258</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	5	-	-
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2,020,226,389</b>	<b>1,606,863,202</b>
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Property, Plant and Equipment	6	960,135,419	708,803,655
Intangible Assets	7	120,074	10,575
<b>LONG TERM LOANS AND ADVANCES</b>		<b>25,165,965</b>	<b>18,120,968</b>
<b>LONG TERM DEPOSITS</b>		<b>3,319,855</b>	<b>2,998,705</b>
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools		3,283,940	3,765,161
Stock-in-trade		667,151,799	477,786,294
Trade debts		131,734,871	97,613,278
Loans & advances		14,284,446	13,396,450
Trade deposits and short term prepayments		77,815,950	136,474,876
Other receivables		135,161,673	112,568,437
Cash and bank balances		2,052,397	35,324,803
		<b>1,031,485,076</b>	<b>876,929,299</b>
<b>TOTAL ASSETS</b>		<b>2,020,226,389</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 STATEMENT OF PROFIT OR LOSS (UN-AUDITED) FOR THE THIRD QUARTER AND NINE MONTHS ENDED MARCH 31, 2019

	Note	Third Quarter Ended		Nine Months Ended	
		Jan - Mar 2019	Jan - Mar 2018	July - Mar 2019	July - Mar 2018
		Rupees	Rupees	Rupees	Rupees
Sales - Net	8	1,038,789,676	1,176,358,311	2,430,321,194	2,978,322,870
Cost of sales	9	927,197,734	1,042,922,646	2,174,609,467	2,639,316,522
<b>Gross Profit</b>		<b>111,591,942</b>	<b>133,435,665</b>	<b>255,711,727</b>	<b>339,006,348</b>
Distribution cost		27,171,008	25,650,230	67,532,290	71,319,046
Administrative expenses		23,422,940	19,900,619	71,509,275	55,912,045
Other operating expenses		4,664,218	6,015,374	9,157,045	14,680,700
		55,258,166	51,566,223	148,198,610	141,911,791
		56,333,776	81,869,442	107,513,117	197,094,557
Other income		1,321,289	195,732	3,679,451	1,284,582
<b>Operating profit before finance cost</b>		<b>57,655,065</b>	<b>82,065,174</b>	<b>111,192,568</b>	<b>198,379,139</b>
Finance cost		7,096,984	820,172	15,003,893	3,949,374
<b>Profit before taxation</b>		<b>50,558,081</b>	<b>81,245,002</b>	<b>96,188,675</b>	<b>194,429,765</b>
Taxation	10	16,574,687	23,320,051	29,508,987	52,371,507
<b>Profit after taxation</b>		<b>33,983,394</b>	<b>57,924,951</b>	<b>66,679,688</b>	<b>142,058,258</b>
<b>Earnings per share - Basic and diluted</b>	11	<b>1.58</b>	<b>2.69</b>	<b>3.09</b>	<b>6.59</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 STATEMENT OF OTHER COMPREHENSIVE INCOME - UN-AUDITED FOR THE THIRD QUARTER AND NINE MONTHS ENDED MARCH 31, 2019

Third Quarter Ended		Nine Months Ended	
Jan - Mar 2019	Jan - Mar 2018	July - Mar 2019	July - Mar 2018
Rupees	Rupees	Rupees	Rupees

PROFIT AFTER TAXATION FOR THE PERIOD	33,983,394	57,924,951	66,679,688	142,058,258
OTHER COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	33,983,394	57,924,951	66,679,688	142,058,258

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

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# SAZGAR ENGINEERING WORKS LIMITED

## CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2019

	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
Transaction with owner, recognize directly in equity		-	-
Issuance of bonus shares @ 20% (20 shares for every 100 ordinary shares held)	35,944,740	(35,944,740)	-
Total Transaction with owner, recognized directly in equity	35,944,740	(35,944,740)	-
Comprehensive Income for the Period			
Profit after taxation	-	142,058,258	142,058,258
Other Comprehensive Income / (Loss)	-	-	-
Total Comprehensive Income for the period ended March 31, 2018	-	142,058,258	142,058,258
Balance as at March 31, 2018 - Un-audited	215,668,420	700,178,144	915,846,564
Balance as at June 30, 2018 - Audited	215,668,420	741,695,967	957,364,387
Comprehensive Income for the period			
Profit after taxation	-	66,679,688	66,679,688
Other Comprehensive Income / (Loss)	-	-	-
Total comprehensive income for the period ended March 31, 2019	-	66,679,688	66,679,688
Balance as at March 31, 2019 - Un-audited	215,668,420	808,375,655	1,024,044,075

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 CASH FLOWS (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2019

	Nine Months Ended	
	July - Mar 2019	July - Mar 2018
	Rupees	Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	96,188,675	194,429,765
Adjustment for non cash charges and other items:		
Depreciation	14,550,304	14,929,911
Amortization	39,584	35,344
Provision for staff retirement gratuity	21,493,776	17,688,963
Finance cost	15,003,893	3,949,374
Other Income	(3,679,451)	(1,284,582)
	47,408,106	35,319,010
	143,596,781	229,748,775
<b>Working capital changes</b>		
(Increase)/Decrease in current assets		
Store, spares and loose tools	481,221	(2,156,654)
Stock-in-trade	(189,365,506)	15,281,472
Trade debts	(34,121,593)	(42,520,168)
Loans & Advances	(887,996)	(1,573,822)
Trade Deposits and short term prepayments	58,658,926	(82,664,690)
Other receivables	-	100,000
<b>Increase in current liabilities</b>		
Trade and other payables	91,491,908	89,953,923
<b>Increase in Long term loans and advances</b>		
	(7,044,997)	(2,726,097)
	(80,788,037)	(26,306,036)
<b>Cash generated from operations</b>	62,808,744	203,442,739
Finance cost paid	(9,596,706)	(2,061,921)
Income tax paid/deducted at source	(46,757,290)	(65,796,892)
Employees retirement benefit - gratuity paid	(2,449,532)	(2,911,417)
Workers' Profit Participation Fund Paid	(24,793,863)	-
<b>Net cash (used in) / generated from operating activities</b>	(20,788,647)	132,672,509
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Property, plant and equipment purchased	(266,950,269)	(69,340,693)
(Increase) / Decrease in long term deposits	(321,150)	41,432
Proceeds from sale of property, plant and equipment	2,450,000	-
<b>Net cash (used in) investing activities</b>	(264,821,419)	(69,299,261)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds of long term borrowings	215,651,618	-
Proceeds of short term borrowings	1,184,066,351	-
Repayment of short term borrowings	(1,147,275,191)	-
Repayment of finance lease	-	(56,310)
Dividend paid	(105,118)	(307,221)
<b>Net cash generated from / (used in) financing activities</b>	252,337,660	(363,531)
<b>NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS</b>	(33,272,406)	63,009,717
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	35,324,803	67,302,890
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	2,052,397	130,312,607

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 NINE MONTHS ENDED MARCH 31, 2019

### 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 four wheeler manufacturing facility is situated at Mouza Bhai kot, near tablighi ijama, Raiwind, Lahore, which is under construction.

### 2 BASIS OF PREPARATION

2.1 These condensed interim financial statements (un-audited) of the Company for the nine months ended March 31, 2019 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 statement of profit or loss, condensed interim statement of other comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows 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 NINE MONTHS ENDED MARCH 31, 2019

### 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-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 March 31, 2019	Audited June 30, 2018		Un-audited March 31, 2019	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 filed an appeal against this order with CIR (Appeals) and also file a writ petition in Honourable Lahore High Court, Lahore for obtaining a stay order against recovery of said amount. The Honourable Lahore high court, Lahore has granted a stay order against recovery of tax demand till the decision of 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 NINE MONTHS ENDED MARCH 31, 2019

5.1.2 The Tax demand of Rs. 387,050,666/-, which was stated in note 15.1.11 of the financial statements for the year ended June 30, 2018 under section 121(1)/122(2) of Income Tax Ordinance 2001 for the tax year 2012 has been annulled by the CIR (Appeals) during the period, with the directions to the learned OIR to proceed afresh on the basis of facts available on record and show cause notice. Further the Company has also filed an appeal with ATIR against the above directions issued by CIR (Appeals) to conduct the fresh assessment. In the opinion of tax consultant, favorable outcome of the appeal is expected.

5.1.3 The Sindh Revenue Board (SRB) retrospectively restored sales tax on renting of immovable property services vide Sindh Sales Tax on Services (Amendment) Act, 2018. Therefore Landlord of Company's Karachi office has claimed sales tax on rent services of Rs. 257,064/- for the tax year 2016, 2017 and 2018. The Company has challenged the law by filing a writ petition in Honorable Sindh High Court, Karachi and has been granted a stay order as on December 31, 2018. In the opinion of the legal advisor, outcome of the case is expected in favour of the company, hence no provision is made in these financial statements.

5.1.4 DCIR initiated proceedings under section 161/205 of Income Tax Ordinance 2001 for tax year 2017 and created a tax demand of Rs. 33,952,716/- as on March 30, 2019. The Company intends to file an appeal with CIR (A). In the opinion of tax consultant, favorable outcome of the appeal is expected, hence no provision is made in these financial statements.

### 5.2 Commitments

5.2.1 Commitments in respect of outstanding letters of credit for raw material other than capital expenditure amount to Rs. 111.39 Million (June 30, 2018: Rs. 254.96 Million).

5.2.2 Commitments in respect of capital expenditures including letters of credit amount to Rs. 142.65 Million (June 30, 2018: Rs. 161.40 Million).

	NOTES	Un-audited March 31, 2019	Audited June 30, 2018
		Rupees	Rupees
<b>6 PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	6.1	351,491,885	346,844,374
Capital work in progress	6.2	608,643,534	361,959,281
		<b>960,135,419</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		1,228,023	10,502,094
- Furniture and Fittings		684,830	-
- Office equipments		1,005,580	1,660,333
- Electric installations		862,500	-
- Vehicles		16,336,000	2,700,500
		<b>20,116,933</b>	<b>102,722,859</b>
Less:			
Disposal during the period (at net book value)			
- Vehicles		919,118	-
Depreciation charged during the period		14,550,304	20,068,160
		<b>15,469,422</b>	<b>20,068,160</b>
Closing book value		<b>351,491,885</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		221,415,263	23,209,201
- Building and Civil Works on freehold land		25,418,073	76,098,433
		<b>246,833,336</b>	<b>99,307,634</b>
Less Transferred during the period			
- Plant and machinery		-	4,865,850
- Intangible		149,083	-
Closing Balance		<b>608,643,534</b>	<b>361,959,281</b>





# SAZGAR ENGINEERING WORKS LIMITED

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2019

		Un-audited		Audited		
		March 31, 2019		June 30, 2018		
		Rupees		Rupees		
7	INTANGIBLE ASSETS					
	Opening book value			10,575	50,819	
	Add: additions during the period			149,083	-	
				159,658	50,819	
	Less: amortization charged during the period			39,584	40,244	
	Closing book value			120,074	10,575	
		Un-audited	Un-audited	Un-audited	Un-audited	
		Jan - Mar 2019	Jan - Mar 2018	July - Mar 2019	July - Mar 2018	
		Rupees	Rupees	Rupees	Rupees	
8	SALES - NET					
	Gross sales	8.1	1,358,453,148	1,434,386,311	3,199,308,762	3,653,032,879
	Less: Sales tax		181,081,412	204,326,207	424,261,648	514,399,372
	Sales returns		117,534,542	29,925,554	295,180,394	90,018,332
	Commission		21,047,518	23,776,239	49,545,526	70,292,305
			319,663,472	258,028,000	768,987,568	674,710,009
			1,038,789,676	1,176,358,311	2,430,321,194	2,978,322,870
8.1 This includes Rs. 5.67 million (March 31, 2018: Rs. 47.69 million) on account of export sales for the period.						
9	COST OF SALES					
	Raw materials and components consumed		724,559,342	773,219,964	1,931,248,958	2,329,009,731
	Salaries, wages and other benefits		66,396,738	68,013,330	200,852,933	199,921,051
	Stores, spares and loose tools consumed		11,553,339	13,277,367	31,957,243	35,065,614
	Power and fuel charges		14,219,512	16,007,323	44,407,847	48,195,342
	Repair and maintenance		15,047,315	24,417,515	41,369,085	70,277,445
	Provision for slow moving items		-	-	652,350	2,535,450
	Other expenses		1,450,711	3,186,203	6,967,959	7,322,795
	Depreciation & Amortization		2,969,753	3,236,540	8,919,580	9,632,995
			836,196,710	901,358,242	2,266,375,955	2,701,960,423
	Opening work-in-process		23,099,874	11,789,012	11,921,639	13,548,770
	Closing work-in-process		(20,365,666)	(8,461,377)	(20,365,666)	(8,461,377)
	Cost of goods manufactured		838,930,918	904,685,877	2,257,931,928	2,707,047,816
	Opening finished goods		341,930,503	397,393,154	137,357,025	191,425,091
	Cost of finished goods purchased		-	-	32,984,201	-
	Closing finished goods		(253,663,687)	(259,156,385)	(253,663,687)	(259,156,385)
			927,197,734	1,042,922,646	2,174,609,467	2,639,316,522
10	TAXATION					
	Current					
	For the period	10.1	16,809,726	23,292,738	31,045,594	56,418,737
	Prior period		-	-	49,579	(2,526,084)
	Deferred					
	For the period		(235,039)	27,313	(1,586,186)	(1,521,146)
			16,574,687	23,320,051	29,508,987	52,371,507
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					
	Profit after taxation for the period	Rupees	33,983,394	57,924,951	66,679,688	142,058,258
	Weighted average number of ordinary shares	Number	21,566,842	21,566,842	21,566,842	21,566,842
	outstanding during the period - Note 4.2					
	Basic earnings per share	Rupees	1.58	2.69	3.09	6.59

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.





# SAZGAR ENGINEERING WORKS LIMITED

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2019

### 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 March 31, 2019 and March 31, 2018 which would have any effect on earning per share if the option to convert is exercised.

Un-audited	Un-audited
July - Mar	July - Mar
2019	2018
Rupees	Rupees

### 12 TRANSACTIONS WITH RELATED PARTIES

#### Transactions with key management personnel

Remuneration, Allowances and benefits paid to Chief Executive	18,050,000	8,550,000
Bonus shares issued to Chief Executive	-	15,125,930
Remuneration, Allowances and benefits paid to Executive Director (s)	11,875,000	8,075,000
Bonus shares issued to Executive Director (s)	-	5,831,540
Remuneration, Allowances and benefits paid to other Key Management personnel	9,929,400	9,057,215*
Bonus shares issued to other Key Management personnel	-	25,080

#### Transactions with Non Executive Director (s)

Meeting fee paid to Non-Executive Director (s)	620,000	770,000
Bonus shares issued to Non-Executive Director (s)	-	2,326,160

<b>TOTAL</b>	<b>40,474,400</b>	<b>49,760,925</b>
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\* The comparative figure has been restated to reflect changes in the definition of key management personnel as per The Companies (Related Party Transactions and Maintenance of Related Records) Regulations, 2018.

Un-audited	Un-audited	Un-audited	Un-audited
Jan - Mar	Jan - Mar	July - Mar	July - Mar
2019	2018	2019	2018
Rupees	Rupees	Rupees	Rupees

### 13 SEGMENT RESULTS

#### Segment Revenue - Net

Home appliances	2,164,797	3,390,911	6,941,851	6,740,349
Auto parts	136,164,945	173,754,192	347,875,316	477,295,495
Auto rickshaw	895,951,387	999,213,208	2,063,598,044	2,494,287,026
Automobiles - Four Wheeler	4,508,547	-	11,905,983	-
<b>Total</b>	<b>1,038,789,676</b>	<b>1,176,358,311</b>	<b>2,430,321,194</b>	<b>2,978,322,870</b>

#### Segment operating results

Home appliances	(880,468)	671,578	178,892	1,168,697
Auto parts	5,884,702	6,144,582	499,637	15,868,225
Auto rickshaw	63,266,049	80,718,656	131,411,934	194,388,334
Automobiles - Four Wheeler	(8,248,789)	-	(17,487,051)	-
<b>Total</b>	<b>60,021,494</b>	<b>87,534,816</b>	<b>114,603,412</b>	<b>211,425,256</b>

### 14 DATE OF AUTHORIZATION FOR ISSUE

The Board of Directors of the Company has authorized these condensed interim financial statements for issue on April 23, 2019.

### 15 GENERAL

15.1 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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