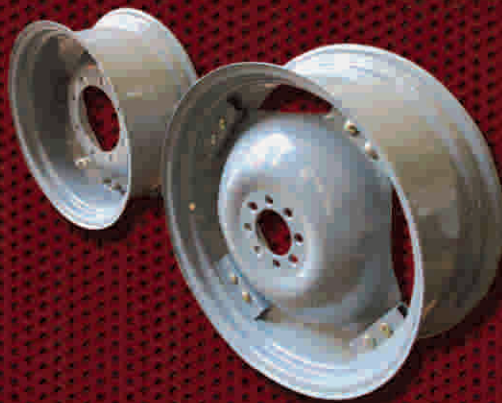
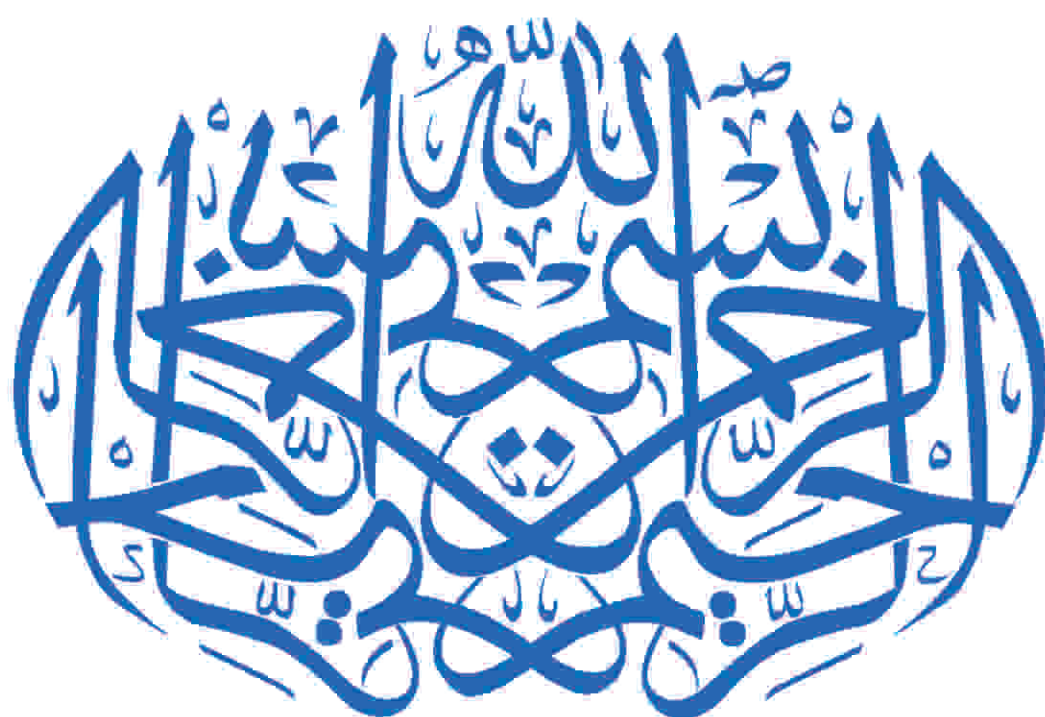




# Annual report **2017**



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 Ran

### REGISTERED OFFICE

88 - Ali Town, Thokar Niaz Baig,  
Railwind Road, Lahore.

### SHARE REGISTRAR

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

### FACTORY

18-KM Railwind 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. Mian Zafar Hameed  
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



## CHAIRPERSON'S REVIEW REPORT

This review report has been prepared in compliance with Section 192(4) of the Companies Act, 2017 on the overall performance of the Board of Directors (the Board) of Sazgar Engineering Works Limited (the Company) and effectiveness of the role played by the Board in achieving the Company's objectives.

The Board performance has been evaluated in accordance with the mechanism set by the Board for this purpose on the basis of following and overall results are satisfactory:

**Board composition and quality:** During the year, election of directors were held and Board has been constituted with a balance of executive, non-executive and independent directors with requisite skills, competencies, knowledge, experience and gender diversity with reference to the Company's operations. The names of retiring and newly elected directors have been stated in directors' report for the financial year ending June 30, 2017.

**Board function:** The Board exercised all its powers in deciding the significant matters; Nine (9) Board meetings were held during the year in timely manner; detailed agenda along with supporting papers were provided to Board members for preparation and active participation in meetings; sufficient time was spent by the Board to decide the matters; approvals of shareholders were obtained by holding the general meetings wherever it was necessary and required under the law.

The Board ensures that the vision, mission and overall corporate strategy of the Company has been prepared and adopted.

The Board ensures that adequate resources are in place to achieve the desired business targets and

these resources are effectively and efficiently managed.

**Financial performance of the company:** The Board continuously monitors the financial performance of the Company. The Board considers the quality and appropriateness of the financial accounting and reporting frame work. The Board ensures that periodical and annual financial statements are prepared, reviewed and audited by the external auditors in timely manner;

During the current financial year, the Company registered a highest sale volume of Rs. 3.618 Billion and profit before tax of Rs. 204.11 million showing a tremendous performance of the company as compared to the previous financial year.

**Statutory obligations:** The Board ensures that the company is fully in compliance of its statutory obligations including holding of Board and general meetings, recording and maintenance of minutes of meetings, maintenance and retention of all kinds of financial, corporate and tax records, filing of statutory returns, forms, statements etc. of all types with SECP and other authorities as required under various laws, financial and tax reporting in timely manner, disclosure of conflict of interest by the directors to the Board and not participating in voting for deciding the concerned matters.

**Corporate governance:** The Board has separated the office of Chief Executive and Chairman and defined their respective roles and responsibilities; the Board ensures that Board members are educated through directors' training program to apprise of their duties, responsibilities and powers; significant policies have been made in place, reviewed and updated from





time to time; effective and efficient management team has been appointed along with fixation of their compensation package; evaluation of performance of CEO is made; Audit and Human Resource & Remuneration Committees have been established and are met regularly to assist and strengthen the Board decisions; code of business conduct has been prepared and disseminated throughout the Company along with its supporting policies and procedures; Company is discharging its Corporate Social Responsibility.

**Risk management:** The Board ensures that risks are identified, assessed and managed properly; internal control system is sound in design and is implemented effectively with continuous monitoring.

**Human resource management:** The Board ensures that human resource policies are in place to manage and maximize the performance of the Company's employees and Company behaves in an equitable and legal manner towards staff, contractors, vendors, buyers and any other individual working with the company.

**Research and development:** The Board ensures that the Company is carrying on research and development work for the innovation of new products and or to make the production and existing products more efficient to maintain or expand its market share; innovations and designs of new products are registered with relevant authorities.

**Business expansion:** The Board ensures that the Company's business expansion plans are in place and sufficient financial and other required resources are available with the Company to meet the expansion requirements.

During the year, the Board approved two expansion plans;


- (i) Setting up of additional production facilities for the manufacturing/ assembly of auto rickshaws with an estimated cost of PKR 330.00 million and
- (ii) Setting up of project for the manufacturing, assembly, sale and service of passenger and light commercial vehicles. The management is working on this project to materialize the business plan.

**Acknowledgement:** I would like to place on record my appreciation for the untiring efforts, teamwork and dedication shown by the Company's employees during the year under review.

I would also like to express my gratitude to the valued shareholders, customers, suppliers and financial institutions for their continued support to the Company.

Lahore

September 25, 2017

  
**Mrs. Saira Asad Hameed**  
(Chairperson)





## DIRECTORS' REPORT

The directors of your company are pleased to present the 26<sup>th</sup> Annual Report along with the audited accounts of the Company for the year ended 30<sup>th</sup> June 2017:

### BUSINESS OVERVIEW:

The Company was principally engaged in the manufacturing and sale of Auto Rickshaws and Tractor Wheel Rims during the current financial year.

**ALL PRAISE BE TO ALLAH.** The Company has registered highest ever production and sales volume of Auto Rickshaws during the current financial year. The improvement in law & order situation is significantly affecting in restoring the normal business activities in the country. Major impact is appearing in Karachi where transport requirement has increased which has resulted in rise in the market demand of auto rickshaws. Hopefully, this trend will continue in the forthcoming year and Company will achieve further increase in production and sale volume of Auto Rickshaws.

The tractor industry has made a wonderful performance during the period under review and has shown an impressive increase of 58.50% in overall production of tractors. This has resulted in increase in orders of wheel rims from the tractor assemblers and has positively affected on the profitability of the company. It is hoped that the tractor industry will continue to grow at the same pace in future.

### FINANCIAL RESULTS:

	2017 (Rupees)	2016 (Rupees)
Profit before taxation	204,113,745	153,957,796
Provision for taxation	61,291,804	46,288,058
Profit after taxation	142,821,941	107,669,738
Other comprehensive (loss)/ income for the year	(9,024,382)	770,274
Un appropriated Profit brought forward	482,732,527	419,223,455
Profit available for appropriation	616,530,086	527,663,447
<b>Appropriations:</b>		
Interim Cash dividend @ 12.50% (2016: 10%)	22,465,460	17,972,368
Final Cash dividend @ Nil (2016: 15%)	-	26,958,552
Reserve for issuance of Bonus share @ 20% (2016: Nil)	35,944,740	-
	58,410,200	44,930,920
Un appropriated profit carried forward	558,119,886	482,732,527

### Sales Revenue:

The overall net sales revenue of the Company has increased by 25.90% from Rupees 2,873.87 million to Rupees 3,618.14 million during the period under review showing a tremendous performance of the company. **AL-HAMDOLILLAH.**

**Segment wise:** The net sales of Auto Rickshaws has increased from Rupees 2,531.19 million to Rupees 3,121.31 million reflecting a growth of 23.31%. The net sale of automotive parts has increased by 47.46 % from Rupees 334.74 million to Rupees 493.59 million. The net sales of home appliances has decreased from Rupees 7.94 million to Rupees 3.25 million compared with the corresponding period of last year.

The sale of auto rickshaw also includes an export sale of Rupees 56.40 million showing an increase of 289.50% as compared to the last financial year export of Rupees 14.48 million. During the year, Company exported Auto Rickshaws to Afghanistan, Japan and Sri Lanka.

**By the Grace of Almighty Allah,** the Company has registered a highest sale volume in the current financial year with major contribution of Auto Rickshaws. The improvement in law & order situation and increase in sales network of Auto Rickshaw has made this achievement possible. During the year, the company sold 21,109 units of Auto Rickshaws as compared to 17,405 units sold in last financial year.

The revival of tractor industry has further proved to be a blessing of Allah which has significantly resulted in increase in orders of wheel rims from tractor assemblers.

The sale of home appliances has decreased due to reduction in sales volume of air conditioners and micro wave oven under brand name "Whirlpool".

### Gross Profit:

Company's gross profit has increased from Rupees 288.69 million to Rupees 379.48 million showing an increase of Rupees 90.79 million compared with the corresponding period of last year. The gross profit ratio has also inclined from 10.05% to 10.49%.

### Operating Expenses:

The operating expenses are normal in line with the increase in sales volume of the company.



## Profit Before Taxation:

Company's profit before taxation has increased from Rupees 153.96 million to Rupees 204.11 million showing an increase of Rupees 50.16 million compared with the corresponding period of last year.

## Earnings Per Share:

The Earnings per share of the Company has increased from Rs. 5.99 to Rs. 7.95 as compared to corresponding period of last year showing a substantial increase in profits available for distribution to shareholders.

## Production:

During the year, the company produced highest volume of Auto Rickshaws and achieved more than 100% of capacity utilization. The production of 21,193 units of Auto Rickshaws is reflecting a 17.67 % rise compared with 18,010 units produced during the corresponding period of last year. The excess production of Auto Rickshaws over normal capacity is due to working in over time schedule to meet the increased market demand.

Whereas the production of tractor wheel rim was 94,307 compared with 65,080 during the same corresponding period of last year showing an increase of 44.91%.

## Risks and Uncertainties:

The Company is carrying a major market share of auto rickshaws sale in Karachi, therefore, significance of law and order position in the city is sensitive for the company. Any deterioration in law and order position, if any, in Karachi may adversely affect the sale of auto rickshaws. However, the Company is hopeful that the law enforcing agencies will continue their efforts to bring peace in the country and particularly in Karachi. Further, the Company is increasing and strengthening its sales network in other cities that would help to mitigate any adverse effect of the situation.

Due to closure of Pakistan Steel Mill, the production of tractor wheel rims is dependent on the availability of imported steel, therefore, any hurdle in its availability may adversely affect the production and supply of tractor wheel rims.

Material devaluation of Pak Rupee, if any, may deteriorate the profitability of the Company.

Any adverse and sudden change in the Governments' taxation and regulatory policy.

Other risks have been stated in note 39 to the audited financial statements.

## Material Changes:

No material changes or commitments affecting the financial position of the company have taken place between the end of the financial year and the date of the Report except as disclosed in financial statements.

## CASH DIVIDEND AND BONUS SHARES:

The Board of Directors, at their meeting held on September 25, 2017 has recommended issuance of 20% bonus shares i.e. 20 ordinary shares for every 100 ordinary shares subject to the approval of shareholders in the forthcoming 26th Annual General Meeting of the Company. This is in addition to Interim cash dividend of Rupee 1.25 per share i.e., 12.50% already paid.

## FUTURE OUTLOOK:

### 4-Stroke Auto Rickshaw:

Being a major source of transportation of passengers at affordable cost, it is hoped that the market demand of Auto Rickshaws will remain intact in the coming period. The increase in population of big cities is continuously contributing in increasing the requirement of this product to fulfil the transport need of general public at large. Even the introduction of Uber and Careem taxi service in major cities could not adversely affect on the demand of auto rickshaws.

The Company will continue its policy of Research and Development to innovate new products as well as to improve the quality of existing products to remain ahead of the competition.

Looking ahead your Company expects a substantial revenue and profitability from this segment of business, **INSHA ALLAH.**

### Automotive Parts:

Improvement in agriculture sector has positively affected on the purchasing power of the farmers due to which booking of tractors has increased substantially. It is hoped that this trend will continue in future and your Company will receive increased orders of wheel rims from the tractor assemblers in the time to come.

The Company expects substantial revenue and income from this segment of business.





## Exports:

Sazgar Auto Rickshaw is making a place in the international markets due to its quality and competitive price. Your Company expects a continuity in the orders from Afghanistan, Japan and other countries in the coming financial year.

## BUSINESS EXPANSION ANNOUNCED DURING THE YEAR:

### Auto Rickshaw:

The construction work is in progress for setting up of the additional production facilities for auto rickshaws. A sum of Rupees 285.01 million has been utilized out of an estimated cost of Rupees 330.00 million up to June 30, 2017.

### Passenger and Light Commercial Vehicles:

The Company has signed a MOU with a foreign automobile manufacturer to explore the new business opportunities for the manufacturing, assembly, sale and service of passenger and light commercial vehicles.

The Company is continuously working on this project to finalise the business plan and to make advancement in this regard.

## CORPORATE SOCIAL RESPONSIBILITY:

Corporate Social Responsibility is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large. During the year, the company carried out the following activities under CSR:

### Health:

Company made contribution of Rs. 200,000/- to various hospitals which provide free of cost medical facilities to the poor or deserving people of the society.

### Education:

Company donated a sum of Rs. 200,000/- to the institutions which are not only looking after the poor children but are also providing them education free of cost.

### Financial Assistance:

Company spent Rs. 364,350/- on the welfare of deceased's workers families to meet their household and children's education expenses.

## Hajj Sponsorship:

Every year Company sends two employees on Hajj which provides them great spiritual satisfaction. However, this year the company's employees could not succeed under Government Hajj-draw and now the Company will arrange to send them next year.

## Employment of Disabled persons:

Company creates employment opportunities for disabled persons to make them respectable and self sufficient in the society. Presently company has employed 25 disabled persons.

## Clean Drinking Water:

Clean water is important for the health of workers. Company provides its workers clean filtered drinking water to keep them healthy and safe from different diseases.

## Sponsorship of road safety stakeholder Conference:

During the year, the Company sponsored the road safety stakeholder Conference on the topic of "Sustainable Public Transport – Time to Act" organised by Institute of Road Safety Traffic Environment Pakistan held in Lahore. Company spent a sum of Rupees 600,000 in this regard.

## Environment Protection:

Wastages and scraps are properly managed and disposed off. Company's production scrap is also used as input material for making new components and in this way does not pollute the environment.

## Contribution To National Exchequer:

Being a responsible citizen, your company has made a contribution of Rs. 806.59 Million to National Exchequer during the year in form of income tax, sales tax, custom duties and excise as compared to 660.70 million of last financial year. The rise is due to increase in production and sales volumes.

## RETIREMENT AND ELECTION OF DIRECTORS OF THE COMPANY:

The following directors of the Company retired during the year as on 20.03.2017:

Mr. Mian Asad Hameed  
Mr. Mian Zafar Hameed





Mrs. Saira Asad Hameed  
Mr. Mian Muhammad Ali Hameed  
Mr. Saeed Iqbal Khan  
Mr. Ahsan Ejaz  
Mrs. Amina Humza Wazir

The company held an Extra Ordinary General Meeting for election of nine (9) directors, as fixed by Board, as on 18.03.2017 for tenure of three years effective from 20.03.2017. The names of newly elected directors are as follows:

Mr. Mian Asad Hameed  
Mr. Mian Zafar Hameed  
Mrs. Saira Asad Hameed  
Mr. Mian Muhammad Ali Hameed  
Mr. Saeed Iqbal Khan  
Mr. Ahsan Ejaz  
Mrs. Sana Suleyman  
Mr. Anwar Ali  
Mr. Humza Amjad Wazir

## RETIREMENT AND RE-APPOINTMENT OF CHIEF EXECUTIVE:

During the year, the Chief Executive Mr. Mian Asad Hameed retired on completion of his tenure of three years as on 20.03.2017 and was re-appointed for a term of next three years as on 27.03.2017.

During the term of his appointment, he will be entitled for a monthly remuneration of Rs 0.900 million along with other benefits and perquisites.

An abstract of his terms of appointment along with nature of interest of directors in this appointment was circulated to all the shareholders within due time and is also being annexed with this report.

## APPOINTMENT OF EXECUTIVE DIRECTORS:

After obtaining the approval of shareholders in terms of section of 188(1)(c) of the Companies, Ordinance, 1984, the Board appointed the directors, Mr. Saeed Iqbal Khan and Mr. Mian Muhammad Ali Hameed as Executive Directors of the Company as on 27.03.2017 for a term of three years ending on 20.03.2020.

During the terms of their appointment, they will be entitled for monthly remuneration of Rs 0.600 million and 0.250 million respectively.

Abstracts of terms of their appointment along with nature of interest of directors in these appointments were circulated to all the shareholders within due time and are also being annexed to this report.

## ESTABLISHMENT OF BOARD COMMITTEES:

Consequent to the election of new directors, the Board established the following Committees as on 27.03.2017 in compliance with Code of Corporate Governance, 2012 for a period of three years:

### Board Audit Committee:

This Committee is consisted of the following:

Mr. Ahsan Ejaz	Independent director	Chairman
Mr. Anwar Ali	Independent director	Member
Mrs. Sana Suleyman	Non-executive director	Member
Mr. Arshad Mahmood		Secretary

### Human Resource & Remuneration Committee:

This Committee is consisted of the following:

Mr. Mian Zafar Hameed	Non-Executive director	Chairman
Mr. Saeed Iqbal Khan	Executive director	Member
Mr. Humza Amjad Wazir	Non-Executive director	Member
Mr. Arshad Mahmood		Secretary

## COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE:

The directors of your company are pleased to state that your Company is in compliance with the provisions of Code of Corporate Governance as are applicable for the current year. The various statements, as required by the Code, are given below:

- **Presentation of Financial Statements** The financial statements, prepared by the management of the company, present its state of affairs fairly, the results of its operations, cash flows and changes in equity;
- **Books of Account** Proper books of account of the company have been maintained;
- **Accounting Policies** Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgement;
- **Compliance with International Financial Reporting Standards (IFRS)** International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and departure there from (if any) has been adequately disclosed and explained;
- **Internal Control System** The system of internal control is sound in design and has been effectively implemented and is being monitored continuously.



The review will continue in future for the improvement in controls;

- **Going Concern** There are no significant doubts upon the Company's ability to continue as a going concern;
- **Best Practices of Corporate Governance** There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations, wherever applicable to the Company for the year ended June 30, 2017.
- **Financial Data of Last Years** Key operating and financial data of last six years is annexed as per annexure "A"

**Dividend** The Board of Directors, at their meeting held on September 25, 2017 has recommended issuance of 20% bonus shares i.e. 20 ordinary shares for every 100 ordinary shares subject to the approval of shareholders in the forthcoming 26th Annual General Meeting of the Company. This is in addition to Interim cash dividend of Rupee 1.25 per share i.e., 12.50% already paid.

**Outstanding Statutory Dues** The outstanding statutory dues are given in notes to the financial statements.

#### Significant Plans and Decisions:

To explore new business opportunities in automobile sector.

**Code of Business Conduct:** The Company has prepared a "Code of Business Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures. It has also been placed on the company's web site.

**Attendance in Board and Committees' Meetings:** The number of board and committees' meetings held during the year and attendance by each director is given below:

	Board	Audit Committee	HR&R Committee
Total Meetings Held	9	4	2
Meetings Attended by the Directors:			
Mr. Mian Asad Hameed	9	N/A	N/A
Mr. Mian Zafar Hameed	9	3	-
Mr. Saeed Iqbal Khan	9	N/A	2
Mr. Mian Muhammad Ali Hameed	9	3	N/A
Mrs. Saira Asad Hameed	8	N/A	N/A

Mr. Ahsan Ejaz	8	3	2
Mrs. Amina Humza Wazir (Retired during the year)	6	N/A	2
Mrs. Sana Suleyman (Newly elected during the year)	2	1	N/A
Mr. Anwar Ali (Newly elected during the year)	3	1	N/A
Mr. Humza Amjad Wazir (Newly elected during the year)	2	N/A	-

- *Leave of absence was granted to the Directors who could not attend the Board Meeting.*

**Directors' Training Programs during the year:** Out of nine, four directors namely Mrs. Saira Asad Hameed, Mr. Mian Muhammad Ali Hameed, Mr. Ahsan Ejaz and Mrs. Sana Suleyman have acquired the Directors' Training Programme (DTP) from SECP approved Institutions whereas three directors namely Mr. Mian Asad Hameed, Mr. Mian Zafar Hameed and Mr. Saeed Iqbal Khan fall under the exemption criteria under clause 5.19.7 of PSX Regulations. The remaining two newly elected directors namely Mr. Humza Amjad Wazir and Mr. Anwar Ali will acquire the DTP in the next financial year.

**Pattern of Shareholding:** The pattern of shareholding is annexed as per annexure "B" and "B/1".

**Trading in Company's Shares by** Directors, executives and their spouses and minor children during the year:

Purchase, sale of Shares and change in beneficial ownership:

	Purchase	Sale
Mr. Mian Zafar Hameed	-	35,500

*There was no other reported transaction of sale or purchase of shares of the company by Executives, Company Secretary, Chief Financial Officer and their spouses or minor children during the period under review.*

#### AUDITORS:

The present auditors retire and being eligible offers themselves for reappointment. The Audit Committee and the Board of Directors have also recommended for their reappointment.

#### EMPLOYEES RELATIONS:

The management and employees relationship is very cordial and it is hoped that both will work with the same spirit to achieve the desired goals of the Company.



## ACKNOWLEDGEMENT:

We would like to place on record our appreciation for the untiring efforts, teamwork and dedication shown by the Company's employees during the year under review.

We would also like to express our gratitude to our valued shareholders, customers, suppliers and financial institutions for their continued support to the Company.

Lahore:  
September 25, 2017

For and on behalf of the Board

  
**MIAN ASAD HAMEED**  
CHIEF EXECUTIVE

  
**SAEED IQBAL KHAN**  
DIRECTOR





## ڈائریکٹران کی رپورٹ

کمپنی کے ڈائریکٹران 30 جون 2017 تک مکمل ہونے والے سال کیلئے آڈٹ شدہ مالی گوشواروں کے ہمراہ کمپنی کی پچیسویں (26) سالانہ رپورٹ پیش کرتے ہیں۔

کاروبار کا مجموعی جائزہ:

اس مالی سال کے دوران کمپنی خصوصی طور پر آؤٹسٹارڈ فریکٹوریل رجرجی پیڈ اڈار اور فروخت میں مصروف عمل رہی تھی۔

اللہ تعالیٰ کا شکر ہے کہ اس سال کمپنی نے آؤٹسٹارڈ کی سب سے زیادہ پیڈ اڈار اور فروخت حاصل کی ہے۔ ان امان کی حالت میں بہتری ملک میں کاروباری سرگرمیوں کو، انہیں مائل حالت میں لانے کے لئے نمایاں طور پر اثر انداز ہوا ہے۔ یہ زیادہ اثر کرپائی میں ہوا ہے جہاں فریکٹوریل کی ضرورت بڑھ گئی ہے جس کی وجہ سے آؤٹسٹارڈ کی مارکیٹ طلبہ میں اضافہ ہوا ہے۔ امید ہے کہ یہ تقابلی آئندہ سالے والے سال میں بھی جاری رہے گا اور کمپنی آؤٹسٹارڈ کی پیڈ اڈار اور فروخت میں مزید اضافہ حاصل کرے گی۔

فریکٹوریل رجرجی نے اس سال کے دوران شائع کردہ کرپائی کا مظاہرہ کیا ہے اور فریکٹوریل پیڈ اڈار میں متاثرین 58,50 فی صد اضافہ نظر آیا ہے جس سے کمپنی فریکٹوریل سالے والے اداروں سے طلبہ کے مطابق آؤٹسٹارڈ اور کمپنی کے نتائج پر مثبت اثر ہوا۔ یہ توقع کی جاتی ہے کہ مستقبل میں فریکٹوریل رجرجی میں ترقی کاروبار اسی رفتار سے جاری رہے گا۔

مالیاتی نتائج:

2016	2017	
(روپے)	(روپے)	
153,957,796	204,113,745	منافع قبل از ٹیکس
46,288,058	61,291,804	ٹیکس کا تخمینہ
107,669,738	142,821,941	منافع بعد از ٹیکس
770,274	(9,024,382)	کمپنی کے دوسرے سالانہ حاصل (تفصیل)
419,223,435	482,732,527	مگز شدہ غیر متعلقہ منافع (Brought Forward)
527,663,447	616,530,086	منافع جو مختص کرنے کے لئے مطالب ہے
		تفصیلات:
17,972,368	22,465,460	12.50 فی صد مجموعی نقد تقسیمہ منافع (2016:10%)
26,958,552	-	Nil حسی نقد تقسیمہ منافع (2016:15%)
-	35,944,740	20 بعد پانچ حصص کے اجماع کے لئے ذخیرہ (2016:Nil)
44,930,920	58,410,200	
482,732,527	558,119,886	برآمدہ غیر متعلقہ منافع (Carried Forward)

پیلز آمدنی:

اللہ تعالیٰ کا شکر ہے اس سال کمپنی کی مجموعی سالانہ پیلز میں 25.90 فی صد اضافہ کے ساتھ پچھلے مالیاتی سال کے مقابلے میں پیلز آمدنی 2,873.87 ملین روپے سے بڑھ کر اس سال 3,618.14 ملین روپے ہو گئی ہے جو کہ کمپنی کی دوسرے کارکردگی کو ظاہر کرتی ہے۔

حصص دار پیلز آمدنی:

اس سال آؤٹسٹارڈ کی مجموعی پیلز پچھلے سال کے مقابلے میں 2,531.19 ملین روپے سے بڑھ کر 3,121.31 ملین روپے ہو گئی ہے جو کہ 23.31 فی صد ترقی کو ظاہر کرتی ہے۔ آؤٹسٹارڈ پیلز کی مجموعی پیلز پچھلے سال کے مقابلے میں 334.74 ملین روپے سے بڑھ کر 493.59 ملین روپے ہو گئی ہے جو کہ 47.46 فی صد اضافہ کو ظاہر کرتی ہے۔ ہوم اپنا مجموعی پیلز میں اس سال کی کاروبار میں اضافہ کو پچھلے مالی سال 7.94 ملین روپے سے کم ہو کر 3.25 ملین روپے ہو گئی ہے۔

آٹورکس کی فروخت میں 56.40 ملین روپے کی عمارات شامل ہیں جو کہ پچھلے مالی سال کی عمارات 14.48 ملین روپے میں 289.50 فیصد اضافہ کو ظاہر کر رہی ہیں۔ اس سال کے دوران کتنی بے افغانستان، بھارت اور سری لنکا کا ٹورکس عمارت گئے۔

اللہ تعالیٰ کے فضل و کرم سے ہمیں نے آٹو ریکشیا کی فروخت میں اضافہ کی بدولت اس سال مجموعی فروخت کی بلندی میں سرفہرست بن گئے ہیں۔ ان کامیابیوں کی بدولت حال اور مستقبل وک کی توسیع نے اس سنگ میل کو عبور کرنا ممکن بنایا۔ اگلی لے چھپے مالی سال 17,405 آٹو ریکشے کے مقابلہ میں اس سال 21,109 آٹو ریکشے فروخت کیے۔

فریڈرک ہنری کی بحالی اللہ تعالیٰ کی عظیم رحمت و لایمت ہوئی جس کی وجہ سے فریڈرک نے اپنے والد کے اور اس سے پہلے دھڑکنے والے دل کو دوبارہ زندہ کر دیا۔

دول چال (Whirlpool) : مہاراجہ کے منجگر دیوانہ اور شیر کڑا بشری کی ناروغت میں لگی تھی کہ جسے جمہوری طور پر مہم اپنا منجگر کی ناروغت میں لگی ہو گئی ہے۔

مجموعی نتائج:-

کھیتی باڑی کا مجموعی منافع 90.79 ملین روپے کے اضافہ کے ساتھ پچھلے سال کے مقابلے میں 288.69 ملین روپے سے بڑھ کر 379.48 ملین روپے ہو گیا ہے۔ مجموعی منافع کا تناسب بھی 10.05 فیصد سے بڑھ کر 10.49 فیصد ہو گیا ہے۔

آپ کے لئے

کھیتی کے امر و ننگ افروہات کھیتی کی فروخت میں اضافہ کے مطابق محدود ہیں۔

قبل از تکمیل منابع:

کھیتی باڑی کا اعلیٰ ترین سرٹیفکیٹ 50.16 ملین روپے کے اخراجات کے ساتھ پچھلے سال کے مقابلہ میں 153.96 ملین روپے سے کم ہو کر 204.11 ملین روپے ہو گیا ہے۔

آپ کی زندگی میں:

اس سال 7.95 روپے فی ٹن محض آدنی تکچلے سال کی 5.99 روپے فی ٹن محض آدنی سے بڑھ گئی ہے جو کہ محض دارالان کے لئے مستحباب مبالغہ میں اعلیٰ ترین گاہر کرتی ہے۔



اس سال تکھی نے 100 فی صد سے زیادہ پیداوار کی صلاحیت کو برقرار رکھا ہے جو کہ آٹو کش کی بلتھ قرین پیداوار کی سطح کو حاصل کیا۔ آٹو کش کی پیداوار کی تعداد 17.67 فی صد اضافے کے ساتھ پچھلے سال کے مقابلے میں 18,010 سے 21,193 رہی۔ پیداوار کی صلاحیت سے زیادہ اصل پیداوار آٹو کش کی کارکٹ طلب کو پورا کرنے کے لئے اضافی وقت میں کام کرنے کی وجہ سے ہے۔

جیکر ٹیکنالوجی کی مدد سے سالانہ 44.91 فی صد اضافہ کے ساتھ پچھلے سال 65,080 کے مقابلے میں 94,307 رقبہ۔

محظرات اور غیر یقینی صورت حال:

کراچی میں انٹورکشی فروخت کا جنماں ڈاؤنٹ پیٹر کئی پاس ہے اس لئے شہر میں امن و امان کی صورت حال کی اہمیت کئی گنے سے بہت حاصل ہے۔ امن و امان کی صورت حال میں کسی بھی قسم کی اتھری انگریز جیٹس ہوتی ہے تو انٹورکشی فروخت پر برا اثر پڑ سکتی ہے تاہم کئی گواہی دے کہ کتنا فرق نا گذارنے والے ادارے بالعموم پورے ملک میں اور خاص طور پر کراچی میں امن لانے کی اپنی کوششیں جاری رکھیں گے۔ خبر یہ کہ کئی ایسی فروخت کا مفید ذریعہ دوسرے شہروں میں پڑھا اور مضبوط کر رہی ہے جو کراہات پر کسی بھی قسم کے برے اثرات کو کم کرنے میں مددگار ہوگا۔

پاکستان میں مکمل بند ہونے کی وجہ سے فریکسٹوریل ریل روم کی پیداوار کا انحصار روٹا گئی ہو ہے۔ اس لئے اس کی دستیابی میں بھی قسم کی رکاوٹ فریکسٹوریل ریل روم کی پیداوار اور فروخت پر برا اثر رکھتی ہے۔

یا انسان روپیہ کی قیمت میں انکو کوئی نمایاں کامیابی ہوتی ہے تو یہ کمپنی کے منافع کو کم کر سکتی ہے۔

گودہ تجارت کی ٹیکس اور دیگر مالی پالیسی میں کوئی بھی نقصان دہ اور اچانک تبدیلی۔



دوسرے خطرات متعلق شدہ مالیاتی گوشواروں کے نوٹ 39 میں بیان کر دیے گئے ہیں۔

### 3.1 تبدیلیاں:

ہماری ان تبدیلیوں کے جو کہ مالی گوشواروں میں ظاہر کر دی گئی ہیں کوئی نمایاں تبدیلی یا معاوضہ جو کہ کمپنی کی مالی پوزیشن پر اثر انداز ہو سکے، مالی گوشواروں اور پیمائش کے نتائج کے دوران نہیں ہوا ہے۔

### 4. منقسمہ مزاد فی اور یوٹس حصص:

یڈرا آف ڈائریکٹرز نے 25 ستمبر 2017 کو اپنے منقسمہ اجلاس میں جس (20) فیصد یوٹس حصص کا اجراء تجویز کیا ہے، یعنی ہر سو (100) عمومی حصص پر جس (20) عمومی حصص جو کہ کمپنی کے آئندہ چھ مہینوں سالانہ اجلاس عام میں توٹیں پر منحصر ہے، یہ پہلے سے ادا شدہ منگوری نقد منقسمہ مزاد فی 12.50 فیصد یعنی 1.25 روپے فی حصص کے علاوہ ہے۔

### مستقبل پر نقطہ n:

### 4- اسٹروک آؤر کٹ:

سافٹوئیر کو ایک جگہ سے دوسری جگہ مناسب خرچ پر لے جانے کا نمایاں ذریعہ ہونے کی وجہ سے یہ امید کی جاتی ہے کہ آئندہ آنے والے عرصہ میں آؤر کٹ کی مارکیٹ طلب بڑھتی ہوئی ہوگی۔ نئے نئے شہروں کی بڑھتی ہوئی آبادی جو کہ پائے پر عام لوگوں کی فراہمی کے ضروریات کو پورا کرنے کے لئے آؤر کٹ کی مزید طلب میں مسلسل مددگار رہ رہی ہے۔ حتیٰ کہ بڑے شہروں میں اوپر اور گریڈ کی خدمات کا تعارف بھی آؤر کٹ کی طلب پر برا اثر نہیں ڈال سکا۔

کمپنی کا مطالبہ شدہ آگے دہنے کے لئے نئی پراڈکٹس کو ایجاد کرنے اور اپنی موجودہ پراڈکٹس کی کوآپریٹو بہتر کرنے کے لئے اپنی تحقیق اور ترقی کے طریقہ کار کو جاری رکھے گی۔

مستقبل پر نظر رکھتے ہوئے آپ کی کمپنی کا رہا رکے اس حصہ سے نمایاں فروخت اور مزاد فی کی توقع اللہ کے فضل و کرم سے رکھتی ہے۔

### آؤر موٹو پراڈکٹس:

زیریں شعبہ کی بہتری کے کمالوں کی توقع مزید بہتر پراڈکٹس کو ایجاد کرنے کی وجہ سے فریکٹورل کی سنگ میں نمایاں اضافہ ہو گیا ہے۔ یہ امید کی جاتی ہے کہ یہ وہاں آئندہ بھی جاری رہے گا اور آپ کی کمپنی آگے والے وقت میں فریکٹر بنانے والے اداروں سے ذیل درجہ کے زیادہ آؤر حاصل کرے گی۔

کمپنی کا رہا رکے اس حصہ سے نمایاں فروخت اور مزاد فی کی توقع رکھتی ہے۔

### پراڈکٹات:

سازگار آؤر کٹ فیڈ ان انفراسٹرکچر میں اپنی بہتر کو اپنی اور قیمت کی وجہ سے جگہ بنا رہا ہے۔ آپ کی کمپنی آئندہ آنے والے مالی سال میں افغانستان، جاپان اور دوسرے ممالک سے آؤر جاری رہے گی کی توقع رکھتی ہے۔

سال کے دوران کاروبار میں توسیع کے اعلاات:

### آؤر کٹ:

آؤر کٹ کے لئے مزید پیدوار کی سہولیات کو قائم کرنے کے لئے تھیراتی کام جاری ہے۔ 30 جون 2017 تک 330 ملین روپے کی امداد آؤر کٹ میں سے 285.01 ملین روپے استعمال کئے گئے ہیں۔





مسافر اور ملکی مال بردار گارنٹیاں:

کمپنی نے مسافر اور ملکی مال بردار گارنٹیاں کو بنانے، جوڑنے، فروخت اور سروس کے لئے کاروباری مواقع ڈھونڈنے کے لئے ایک فریگی گارنٹیاں بنانے والے ادارے کے ساتھ ایک "مقامی پاداشت پر مبنی" کے ہیں۔

کمپنی اس پراجیکٹ کے کاروباری منصوبہ اور اس میں برصوقی کے عمل کو تسلی شکل دینے کے لئے مسلسل کام کر رہی ہے۔

ادارے کی سماجی ذمہ داری:

کمپنی کی سماجی ذمہ داری ہے کہ وہ اپنے ملازمین، ان کے اہل خانہ، اپنے ارد گرد کے لوگوں اور اپنے معاشرے کے لوگوں کے رہنے کے معیار کو بلند کرنے کیلئے اقدامات جاری رکھے۔ اس سال کمپنی نے سماجی ذمہ داری کے تحت متعدد ذیلی خدمات سر انجام دیں:

صحت:

کمپنی نے -/200,000 روپے مختلف اسپتالوں کو دیے جو کہ معاشرے کے غریب ملا سکن لوگوں کو مفت طبی سہولیات فراہم کرتے ہیں۔

تعلیم:

کمپنی نے ان اداروں کو -/200,000 روپے دیے جو کہ صرف غریب بچوں کی دیکھ بھال کرتے ہیں بلکہ ان کو بلا معاوضہ تعلیم بھی فراہم کرتے ہیں۔

مالی معاونت:

کمپنی نے -/364,350 روپے اپنے مرحوم ملازمین کے اہل خانہ کی فلاح و بہبود اور ان کے بچوں کی تعلیم کے لیے خرچ کئے۔

جنگ سپاٹرز شپ:

ہر سال کمپنی 2 ملازمین جج پر بھیجتی ہے جس سے ان کو روحانی تسکین حاصل ہوتی ہے۔ تاہم اس سال کمپنی کے ملازمین کو خدمت کی راج کی فراہم آزادی میں کامیاب نہیں ہو سکے اور اب کمپنی ان کو اگلے سال بھیجے کا انتظام کرے گی۔

معدوم افراد کے لیے روز گار:

کمپنی معدوم افراد کے لیے روز گار کے مواقع پیدا کرتی ہے تاکہ وہ معاشرے کے محروم اور خود کش افراد بن سکیں۔ اس وقت کمپنی میں 25 معدوم افراد کام کرتے ہیں۔

بچے کا صاف پانی:

بچے کا صاف پانی ملازمین کی صحت کے لیے اہم ہے۔ کمپنی اپنے ملازمین کو صاف اور گنزدہ پینے کا پانی مہیا کرتی ہے تاکہ وہ صحت مند اور مختلف بیماریوں سے محفوظ رہیں۔

اتحادیوں کے روڈ سیفٹی سٹیک ہولڈر کا نفرنس:

دوران سال کمپنی نے "یامہا ریسپانسیبل فرینڈشپ" عمل کا وقت "کے موضوع پر انشٹی ٹیوٹ آف روڈ سیفٹی فرینڈک اور انٹرنیٹ پاکستان کے تحت، لاہور میں کانفرنس منعقد کرانے میں تعاون کیا۔ کمپنی نے اس سلسلہ میں چھ لاکھ روپے رقم خرچ کی۔

ماحولیاتی حفاظت:

فری ایلیٹ اور کٹرین کو مناسب طریقے سے منجیلا اور تصرف میں لایا جاتا ہے۔ کمپنی کی پیداوار کا کٹرین، ہوا کی صورت میں نئے اجزاء بنانے میں بھی استعمال ہوتا ہے۔ جس کی وجہ سے ماحول آلودہ نہیں ہوتا۔

قوی عزائم میں شراکت:

ایک ذمہ دار شہری کی حیثیت سے آپ کی کمپنی نے اہم ٹیکس، سٹیک ہولڈر کی بورڈ اور ایگسٹ کی مدد میں کچھ سال 660.70 ملین روپے کے مقابلہ میں 806.59 ملین روپے اس سال جمع کرائے ہیں یہ



بلاہوتی پیداوار اور فروخت میں اضافہ کی وجہ سے ہے۔

**کمپنی کے ڈائریکٹران کی سبکدوشی اور تقرری:**

دوران سال کمپنی کے مندرجہ ذیل ڈائریکٹران 20 مارچ 2017 کو سبکدوش ہوئے:

جناب میاں اسد جمید

جناب میاں ظفر جمید

محترمہ سائرہ اسد جمید

جناب میاں محمد علی جمید

جناب سعید اقبال خان

جناب احسن اعجاز

محترمہ آمنہ حمزہ وزیر

بورڈ کی مقرر کردہ تعداد کے مطابق کمپنی نے نو (9) ڈائریکٹران کا مورعہ 20 مارچ 2017 سے تین سال کے عرصہ کے لئے انتخاب کرنے کے لئے ایک غیر معمولی اجلاس عام کا انعقاد مورعہ 18 مارچ 2017

کو کیا۔ منتخب ہونے والے ڈائریکٹران کے نام مندرجہ ذیل ہیں:

جناب میاں اسد جمید

جناب میاں ظفر جمید

محترمہ سائرہ اسد جمید

جناب میاں محمد علی جمید

جناب سعید اقبال خان

جناب احسن اعجاز

محترمہ ثناء سلیمان

جناب انوار علی

جناب حمزہ احمد وزیر

**چیف ایگز 8 کی سبکدوشی اور درجہ تقرری:**

دوران سال 20 مارچ 2017 کو جناب میاں اسد جمید اپنی تقرری کے تین سالہ دورانیہ پورا ہونے پر چیف ایگزیکٹو کے عہدہ سے سبکدوش ہوئے اور ان کا مورعہ 27 مارچ 2017 کو اگلے تین سال کے عرصہ کے لئے دوبارہ تقرر ہوا۔

اپنی تقرری کے عرصہ کے دوران وہ 0.900 ملین روپے ماہانہ مشاہرہ بمقدور دوسرے فوائد اور مراعات کے لئے اہل ہوں گے۔

ان کی تقرری کی شرائط کا خلاصہ بعد ان کی تقرری میں ڈائریکٹران کی دلچسپی کی نوعیت کے ساتھ تمام حصص داران کو مقررہ وقت کے اندر ارسال کر دیا گیا تھا اور اس رپورٹ کے ساتھ بھی لف کیا جا رہا ہے۔



## ایگز ۸ ڈائریکٹران کی تقرری:

کمپنیز آرڈیننس 1984 کی سیکشن 188(1)(c) کے تحت حصص داران کی منظوری حاصل کرنے کے بعد بورڈ نے ڈائریکٹران جناب سعید اقبال خان اور جناب میاں محمد علی حمید کا بطور کمپنی کے ایگزیکٹو ڈائریکٹران کا مورخہ 27 مارچ 2017 کو تین سالہ عرصہ کے لئے جو کہ 20 مارچ 2020 کو اختتام پذیر ہوگا تقرر کیا۔

اپنی تقرری کے عرصہ کے دوران، وہ بالترتیب 0.600 ملین روپے اور 0.250 ملین روپے کے ماہانہ مشاہرہ کے لئے اہل ہوں گے۔

ان کی تقرری کی شرائط کا خلاصہ بعد ان کی تقرری میں ڈائریکٹران کی دلچسپی کی نوعیت کے ساتھ تمام حصص داران کو مقررہ وقت کے اندر ارسال کر دیا گیا تھا اور اس رپورٹ کے ساتھ بھی لف کیا جا رہا ہے۔

## بورڈ کی کمیٹیوں کا قیام:

نئے ڈائریکٹران کے الیکشن کے نتیجے میں بورڈ نے 27 مارچ 2017 کو کوڈ آف کارپوریٹ گورننس 2012 کی پیروی کرتے ہوئے مندرجہ ذیل کمیٹیوں کا قیام تین سال کے عرصہ کے لئے کیا۔

## بورڈ آڈٹ کمیٹی:

یہ کمیٹی مندرجہ ذیل ممبران پر مشتمل ہے۔

جناب احسن اعجاز	آزاد ڈائریکٹر	چیرمین
جناب انوار علی	آزاد ڈائریکٹر	ممبر
محترمہ شہناز سلیمان	نان ایگزیکٹو ڈائریکٹر	ممبر
جناب ارشد محمود		سیکرٹری

## ہیومن ریسورس اینڈ ریسرچ کمیٹی:

یہ کمیٹی مندرجہ ذیل ممبران پر مشتمل ہے۔

جناب میاں ظفر حمید	نان ایگزیکٹو ڈائریکٹر	چیرمین
جناب سعید اقبال خان	ایگزیکٹو ڈائریکٹر	ممبر
جناب حمزہ امجد زید	نان ایگزیکٹو ڈائریکٹر	ممبر
جناب ارشد محمود		سیکرٹری

## کوڈ آف کارپوریٹ گورننس کی تعمیل:

آپ کی کمپنی کے ڈائریکٹرز بخوشی بیان کرتے ہیں کہ کوڈ آف کارپوریٹ گورننس کی وہ تمام دفعات جو کہ کمپنی پر موجودہ سال میں نافذ العمل ہیں ان کی تعمیل کی گئی ہے۔ کوڈ کے مطلوبہ مختلف بیانات درج ذیل ہیں:

## مالی گوشواروں کی عکاسی:

کمپنی کی انتظامیہ کی طرف سے تیار کردہ مالیاتی گوشوارے، اس کے معاملات، اس کی کاروباری سرگرمیوں کے نتائج، یکیش فلوز اور انکویٹی (Equity) میں تبدیلی کی منصفانہ عکاسی کرتے ہیں۔

## اکاؤنٹس کی کتابیں:

کمپنی نے باضابطہ طور پر اکاؤنٹس کے کھاتوں کو برقرار رکھا ہے۔

## اکاؤنٹنگ پالیسیاں:

ان مالیاتی گوشواروں کی تیاری میں مخصوص اکاؤنٹنگ پالیسیوں کی مستقل بنیادوں پر پیروی کی گئی ہے۔ اور اکاؤنٹنگ کے تخمینے معقول اور دانش مندانہ رائے پر مبنی ہیں۔

## انٹرنیشنل فنانشل رپورٹنگ سٹینڈرڈ کی پیروی:

ان مالیاتی گوشواروں کی تیاری میں فنانشل رپورٹنگ کے بین الاقوامی معیار کی، جہاں تک وہ پاکستان میں قابل اطلاق ہیں، پیروی کی گئی ہے اور اگر کہیں انحراف ہوا ہے تو اس کو مناسب طریقے سے ظاہر اور بیان





کی گیا ہے۔

**انٹرنل کنٹرول سسٹم:**

انٹرنل کنٹرول کا نظام اپنے ڈیزائن کے اعتبار سے مستحکم ہے اور اس کا موثر اطلاق اور نگرانی مسلسل کی جا رہی ہے۔ کنٹرول میں بہتری کے لئے مستقبل میں بھی نگرانی جاری رہے گی۔

**کام جاری رکھنے کی اہلیت:**

بطور ادارہ کمپنی کے کام جاری رکھنے کی اہلیت پر کوئی نمایاں شک نہیں ہے۔

**کارپوریٹ گورننس کے اصول:**

متعین کردہ اصول و ضوابط میں تفصیلاً درج کارپوریٹ گورننس کے رہنما اصول جن کا اطلاق کمپنی کے مالی سال ختمہ 30 جون 2017 پر ہوتا ہے سے انحراف نہیں کیا گیا ہے۔

**پچھلے چھ سالوں کا فنانشل ڈیٹا:**

گزشتہ چھ سال کا اہم کاروباری اور مالیاتی ڈیٹا اس سالانہ رپورٹ کے ساتھ منسلک (Annexure A) ہے۔

**منقسمہ منافع:**

بورڈ آف ڈائریکٹرز نے 25 ستمبر 2017 کو اپنے منعقدہ اجلاس میں بیس (20) فیصد بونس حصص کا اجراء تجویز کیا ہے یعنی ہر سو (100) عمومی حصص پر بیس (20) عمومی حصص۔ چونکہ کمپنی کے آئندہ چھ سو سالانہ اجلاس عام میں توثیق پر منحصر ہے یہ پہلے سے ادا شدہ عبوری نقد منقسمہ منافع 12.50 فیصد یعنی 1.25 روپے فی حصص کے علاوہ ہے۔

**والا الا ادا قانونی واجبات:**

واجب الا ادا قانونی محصولات مالیاتی گوشواروں کے نوٹس میں دیے گئے ہیں۔

**اہم فیصلے اور منصوبے:**

گاڑیوں کے شعبہ میں کاروبار کے نئے مواقعوں کو تلاش کرتے رہنا۔

**کاروبار کا ضابطہ اخلاق:**

کمپنی نے کاروبار کا ضابطہ اخلاق تیار کیا ہے اور یقین دہانی کی گئی ہے کہ اس سے متعلقہ پالیسیوں اور طریقہ کار کو پوری کمپنی میں پھیلا دیا جائے۔ اس کو کمپنی کی ویب سائٹ پر بھی آویزاں کیا گیا ہے۔

**بورڈ اور کمیٹی کے اجلاسوں میں حاضری:**

اس سال کے دوران بورڈ اور کمیٹیوں کے منعقدہ اجلاسوں کی تعداد کی تفصیل اور ہر ڈائریکٹر کی حاضری درج ذیل ہے:

بورڈ	آڈٹ کمیٹی	ہیومن ریسورس اینڈ ریجنل مینجمنٹ کمیٹی
9	4	2
کل تعداد اجلاس		
9	3	-
9	3	2
9	3	2
8	3	2
8	3	2
6	1	2
2		

اجلاس میں ڈائریکٹران کی شرکت:

جناب میاں اسد حمید

جناب میاں ظفر حمید

جناب سعید اقبال خان

جناب میاں محمد علی حمید

محترمہ سائرہ اسد حمید

جناب احسن اعجاز

محترمہ آمنہ حمزہ وزیر (دوران سال سبکدوش)

محترمہ ثناء سلیمان (دوران سال ہی تقرری)



لاکھوں

1

3

جناب انوار علی (دوران سال نئی تقرری)

-

لاکھوں

2

جناب حمزہ امجد وزیر (دوران سال نئی تقرری)

وہ ڈائریکٹر جو بینک میں شرکت نہیں کر سکے ان کی غیر موجودگی کی رخصت قبول کی گئی ہے۔

سال کے دوران ڈائریکٹر فریڈنگ پروڈام:

نو (9) میں سے چار (4) ڈائریکٹر ان یعنی محترمہ سائرہ اسد حمید، جناب میاں محمد علی حمید، جناب احسن اعجاز اور محترمہ ثناء سلیمان نے ایس ای سی پی کے منظور شدہ اداروں سے ڈائریکٹر فریڈنگ پروڈام حاصل کر لیا ہے جبکہ تین (3) ڈائریکٹر ان یعنی جناب میاں اسد حمید، جناب میاں ظفر حمید اور جناب سعید اقبال خان کو پاکستان اسٹاک ایکسچینج لمیٹڈ کے ضابطے کی شق 5.19.7 کے تحت استثناء حاصل ہے بتایا جئے منتخب ہونے والے دو (2) ڈائریکٹر ان جناب حمزہ امجد وزیر اور جناب انوار علی آنے والے سال میں ڈائریکٹر فریڈنگ پروڈام حاصل کریں گے۔

شیئر ہولڈنگ کی ترتیب:

شیئر ہولڈنگ کی ترتیب بطور Annexure B اور Annexure B/1 لف ہے۔

کمپنی کے حصص میں تجارت:

سال کے دوران ڈائریکٹر ان، ایگزیکٹو ڈائریکٹر ان کی بیویوں اور تالیع بچوں کی طرف سے حصص میں تجارت۔

حصص کی خرید و فروخت اور ان میں تبدیلی:

فروخت حصص

خرید حصص

35,500

-

جناب میاں ظفر حمید

اس کے علاوہ کمپنی کے کسی ایگزیکٹو، کمپنی سیکرٹری، چیف فنانس آفیسر اور ان کی بیویوں یا ان کے تالیع بچوں نے کمپنی کے حصص کی خرید و فروخت کے متعلق کوئی اطلاع اس سال کے دوران کمپنی کو نہیں دی ہے۔

آڈیٹرز:

موجودہ آڈیٹرز ریٹائر ہوئے ہیں اور اہلیت کی بنیاد پر انہوں نے اپنے آپ کو دوبارہ تقرری کے لئے پیش کیا ہے۔ آڈٹ کمپنی نے بھی ان کی دوبارہ تقرری کے لئے تجویز کیا ہے۔

ملازمین سے تعلقات:

ارتقاء ملازمین کے تعلقات بہت خوشگوار ہیں اور یہ امید کی جاتی ہے کہ دونوں کمپنی کے مطلوبہ مقاصد کے حصول کے لئے ایک ہی جذبے کے ساتھ کام کریں گے۔

اظہار تشکر:

ہم اپنی کمپنی کے ملازمین کی ان تھک کوششوں، ٹیم ورک اور لگن جس کا اظہار انہوں نے موجودہ سال کے دوران کیا ہے کے شکر گزار ہیں۔ ہم اپنے معزز و حصص داران، گاہکوں، سپلائرز اور مالی اداروں کے کمپنی کے ساتھ مسلسل تعاون کرنے پر بھی شکر گزار ہیں۔

لاہور:

25 ستمبر 2017

بورڈ آف ڈائریکٹرز کی جانب سے

*Saeed*

سعید اقبال خان

ڈائریکٹر

*M. Ishaq*

میاں اسد حمید

چیف ایگز ۸





## SUMMARY OF LAST SIX YEARS' FINANCIAL RESULTS

### ANNEXURE-A

Description	2017	2016	2015	2014	2013	2012
					Re-stated	Re-stated
R U P E E S						
<b>Profit &amp; Loss Account:</b>						
Turnover	3,618,144,493	2,873,866,541	2,473,657,974	2,105,849,488	1,881,495,911	2,725,640,195
Gross Profit	379,481,004	288,686,425	234,215,035	208,540,462	202,618,920	329,396,295
Operating Profit	202,980,483	149,453,460	104,654,299	90,089,120	100,159,619	199,747,593
Profit before taxation	204,113,745	153,957,796	99,655,475	87,627,820	96,090,726	195,034,910
Profit after taxation	142,821,941	107,669,738	73,682,904	60,441,273	66,507,038	126,084,180
<b>Balance Sheet:</b>						
Paid up share capital	179,723,680	179,723,680	179,723,680	179,723,680	179,723,680	179,723,680
Accumulated Profit	594,064,626	509,691,079	437,195,803	402,542,633	377,922,599	335,751,310
Fixed Capital Expenditure	533,057,992	244,653,763	250,828,978	259,271,383	252,105,344	241,207,604
Other long term assets	17,256,294	14,894,352	11,414,241	8,490,522	7,151,506	6,264,570
Net current assets / (liabilities)	361,809,654	548,424,835	461,424,514	408,993,285	387,959,590	341,632,379
Long term liabilities	138,335,634	118,558,191	106,748,250	94,488,877	89,570,160	73,629,565
<b>Significant Ratios:</b>						
Gross profit ratio %	10.49	10.05	9.47	9.90	10.77	12.09
Profit/(loss) before tax ratio %	5.64	5.36	4.03	4.16	5.11	7.16
Fixed assets turnover ratio %	678.75	1,174.67	986.19	812.22	746.31	1,130.00
Price earning ratio - times	34.47	5.26	9.39	10.41	5.66	4.42
Return on capital employed % (Before I & Tax)	22.25	18.50	14.46	13.31	15.48	33.91
Return on equity ratio (after Tax)	18.46%	15.62%	11.94%	10.38%	11.93%	24.46%
Market value per share (PSX) Rs.	273.93	31.25	38.50	35.00	20.94	31.00
Break up value per share	43.05	38.36	34.33	32.40	31.44	28.74
Long term Debt : Equity ratio	18 : 82	17 : 83	17 : 83	16 : 84	16:84	14:86
Current ratio	1.73 : 1	2.48 : 1	2.26 : 1	2.38 : 1	2.09:1	1.77:1
Interest cover ratio - times	115.06	56.39	14.39	14.47	10.60	17.62
Cash Dividend %						
Interim Dividend	12.50	10.00	10.00	10.00	-	10.00
Final Dividend	-	15.00	10.00	10.00	10.00	10.00
Scrip Dividend %	20.00	-	-	-	-	-
Earnings per share Rs.	7.95	5.99	4.10	3.36	3.70	7.02

**Note:**

Earnings Per Share, consequently Price Earning ratio, has been adjusted to reflect the effect of bonus shares.




# SAZGAR ENGINEERING WORKS LIMITED

FORM-34  
PATTERN OF SHAREHOLDING AS ON JUNE 30, 2017  
Registration Number: 0025184

ANNEXURE - B

NUMBER OF SHAREHOLDERS	FROM	SHAREHOLDING TO	TOTAL SHARES HELD
194	1	100	4,263
254	101	500	108,326
122	501	1,000	114,215
244	1,001	5,000	534,200
34	5,001	10,000	266,758
21	10,001	15,000	267,388
8	15,001	20,000	147,910
10	20,001	25,000	235,736
5	25,001	30,000	141,500
1	30,001	35,000	35,000
1	35,001	40,000	36,000
3	45,001	50,000	140,591
2	50,001	55,000	103,643
2	55,001	60,000	116,500
3	60,001	65,000	185,934
1	65,001	70,000	67,000
1	70,001	75,000	75,000
1	75,001	80,000	75,271
1	80,001	85,000	80,288
2	95,001	100,000	198,500
1	110,001	115,000	112,000
1	115,001	120,000	120,000
1	145,001	150,000	150,000
1	185,001	190,000	189,500
1	195,001	200,000	200,000
1	235,001	240,000	239,500
1	305,001	310,000	309,488
1	320,001	325,000	321,136
1	380,001	385,000	380,500
1	395,001	400,000	397,000
1	480,001	485,000	485,000
1	520,001	525,000	525,000
1	795,001	800,000	797,943
1	1,030,001	1,035,000	1,032,549
1	1,070,001	1,075,000	1,071,787
1	1,140,001	1,145,000	1,143,975
1	2,950,001	2,955,000	2,953,396
1	4,605,001	4,610,000	4,609,571
928			17,972,368

CATEGORIES OF SHAREHOLDERS	NUMBER OF SHARES HELD	% OF SHAREHOLDING
I Directors, Chief Executive Officer, Their Spouse And Minor Children	11,993,781	66.73%
II Associated Companies, Undertakings & Related Parties	-	-
III NIT and ICP	-	-
IV Banks, Development Financial Institutions, Non Banking Financial Institutions	442,000	2.46%
V Insurance Companies	50,000	0.28%
VI Modarabas and Mutual Funds	129,500	0.72%
VII Shareholders Holding Ten Percent and above	9,667,303	53.79%
VIII General Public		
a. Local	4,782,055	26.61%
b. Foreign	-	-
IX Others (to be specified)		
Joint Stock Companies	481,988	2.68%


  
MIAN ASAD HAMEED  
CHIEF EXECUTIVE

  
SAEED IQBAL KHAN  
DIRECTOR



## ANNEXURE - B/1 PATTERN OF SHAREHOLDING

CATEGORIES OF SHAREHOLDERS	NUMBER OF SHAREHOLDERS	NUMBER OF SHARES HELD
<b>I Associated Companies Undertakings &amp; Related Parties</b>	<b>Nil</b>	<b>-</b>
<b>II Mutual Funds</b>	<b>2</b>	<b>107,500</b>
CDC - Trustee NAFA Islamic Active Allocation Equity Fund	1	9,000
CDC - Trustee NAFA Islamic Stock Fund	1	98,500
<b>III Directors, Chief Executive, Their Spouse And Minor Children</b>	<b>14</b>	<b>11,993,781</b>
i. Mian Asad Hameed	1	7,562,967
ii. Mian Zafar Hameed	1	5,000
iii. Mian Muhammad Ali Hameed	1	2,104,336
iv. Mr. Saeed Iqbal Khan	1	811,443
v. Mrs. Saira Asad Hameed	1	1,143,975
vi. Mrs. Sana Suleyman	1	12,000
vii. Mr. Ahsan Ejaz	1	1,000
viii. Mr. Humza Amjad Wazir	1	556
ix. Mr. Anwar Ali	1	550
x. Mrs. Amina Humza Wazir W/o Mr. Humza Amjad Wazir	1	19,958
xi. Mrs. Naghmana Saeed W/o Mr. Saeed Iqbal Khan	1	309,488
xii. Mrs. Amberen Zafar Hameed W/o Mian Zafar Hameed	1	1,254
xiii. Mrs. Navin Anwar Ali W/o Mr. Anwar Ali	1	1,254
xiv. Mr. Muhammad Suleyman Khan spouse of Mrs. Sana Suleyman	1	20,000
<b>IV Executives</b>	<b>1</b>	<b>12,544</b>
<b>V Public Sector Companies and Corporation</b>	<b>Nil</b>	
<b>VI Banks, Development Financial Institutions, Non Banking Finance Companies, Insurance Companies, Takaful Modarabas, Pension Funds</b>	<b>11</b>	<b>594,500</b>
<b>VII Shareholders Holding Five Percent or More Voting Interests</b>	<b>3</b>	<b>10,811,278</b>
i. Mian Asad Hameed	1	7,562,967
ii. Mian Muhammad Ali Hameed	1	2,104,336
iii. Mrs. Saira Asad Hameed	1	1,143,975

  
MIAN ASAD HAMEED  
CHIEF EXECUTIVE

  
SAEED IQBAL KHAN  
DIRECTOR





## STATEMENT OF VALUE ADDITION AND ITS DISTRIBUTION

	June 30, 2017	%	June 30, 2016	%
Rupees				
<b>VALUE ADDITION</b>				
Net Sales	3,618,144,493		2,873,866,541	
Other Operation Income	2,922,832		7,284,005	
Cost of sales and other expenses excluding employees' remuneration & custom duties	(2,956,278,508)		(2,357,388,380)	
Operating Expenses excluding employees' remuneration	(11,470,552)		(1,413,232)	
Finance Cost	(1,789,570)		(2,779,669)	
<b>TOTAL VALUE ADDITION</b>	<b>651,528,695</b>		<b>519,569,265</b>	

## VALUE DISTRIBUTION

### To Government

Worker Welfare Fund	4,238,497		3,065,161	
Income Tax & Custom Duties	179,480,756		159,532,690	
	<b>183,719,253</b>	28%	<b>162,597,851</b>	31%

### To Employees

Workers' profits participation fund	10,994,813		8,287,790	
Employees remuneration	313,992,688		241,013,886	
	<b>324,987,501</b>	50%	<b>249,301,676</b>	48%

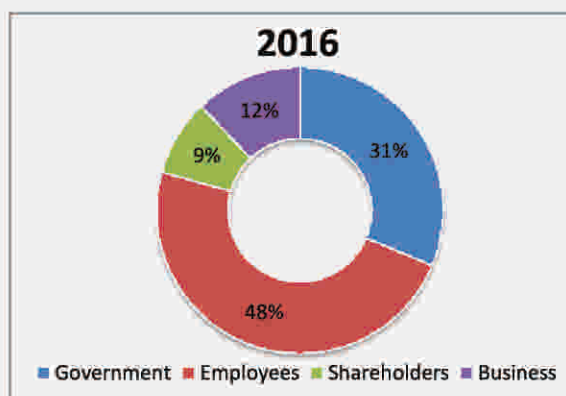
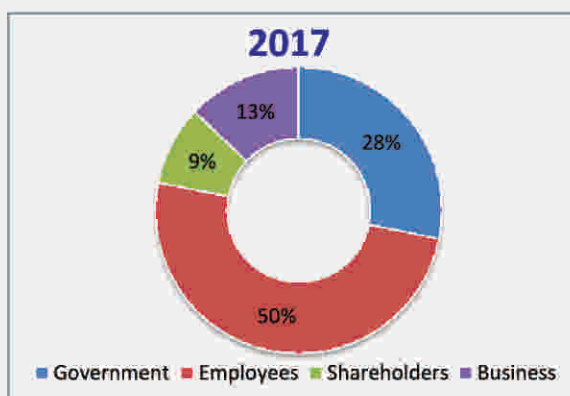
### To Shareholders

Dividend	58,410,196	9%	44,930,920	9%
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### Retained in Business

Retained profits	84,411,745	13%	62,738,818	12%
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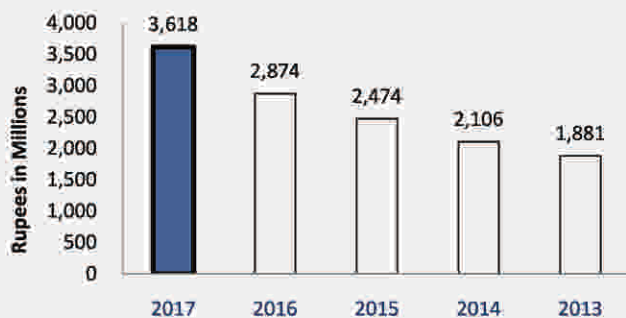
<b>TOTAL VALUE DISTRIBUTION</b>	<b>651,528,695</b>	<b>100%</b>	<b>519,569,265</b>	<b>100%</b>
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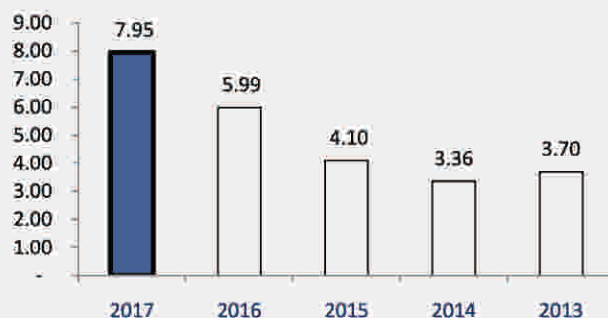


## FINANCIAL PERFORMANCE

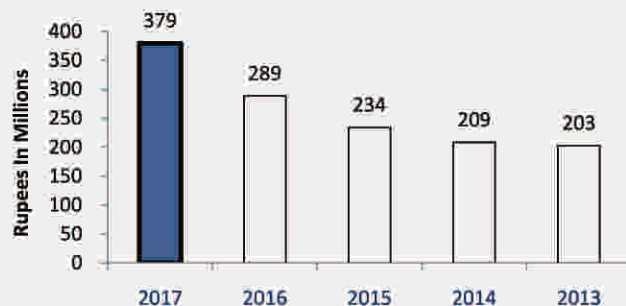
### Turnover



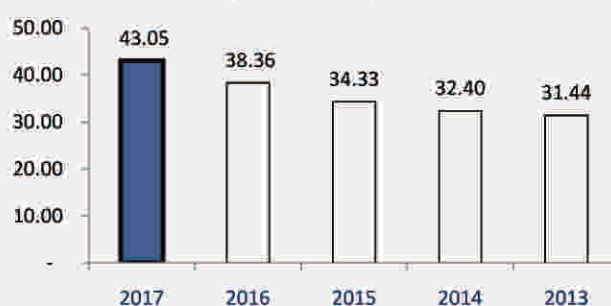
### Earnings per share Rs.



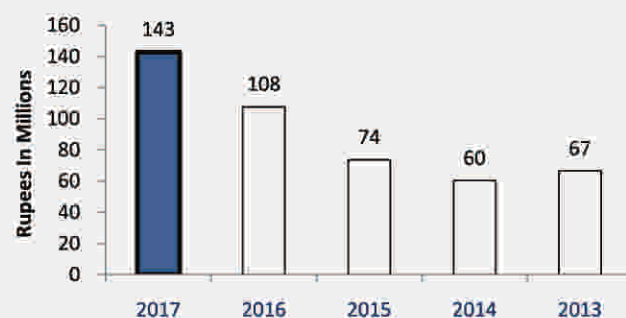
### Gross Profits



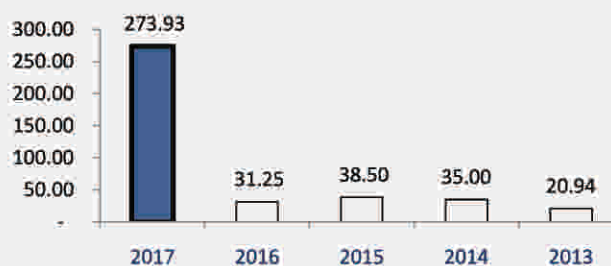
### Break up value per share Rs.



### Net profit After tax



### Market value per share (PSX) Rs.





## STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

NAME OF COMPANY: SAZGAR ENGINEERING WORKS LIMITED

YEAR ENDED JUNE 30, 2017

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No. 5.19 of listing Regulations of the Pakistan Stock Exchange Limited for the purpose of establishing a framework of good governance, whereby a listed Company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the Code of Corporate Governance in the following manner:

1. The company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors. At present the Board includes:

Category	Names
Independent Director	Mr. Ahsan Ejaz, Mr. Anwar Ali
Executive Directors	Mr. Mian Asad Hameed, Mr. Saeed Iqbal Khan, Mr. Mian Muhammad Ali Hameed
Non-Executive Directors	Mrs. Saira Asad Hameed, Mr. Mian Zafar Hameed, , Mrs. Sana Suleyman, Mr. Humza Amjad Wazir

The independent directors meet the criteria of independence under clause 5.19.1. (b) of the Code of Corporate Governance.

2. The Directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company.
3. All the resident directors of the Company are registered as tax payers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a broker of a stock exchange, has been declared as a defaulter by that stock exchange.
4. No casual vacancy was occurred on the Board of Directors during the current year.
5. The company has prepared a 'Code of Conduct', and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
6. The Board has developed a vision and mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other Executives and Non-Executive Directors, have been taken by the Board/Shareholders.
8. The meetings of the Board were presided over by the Chairperson and in her absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The board arranged one directors training program for its one director during the year.





10. The Board has approved the appointment of CFO including his remuneration and terms and conditions of his employment whereas there is no change in the office of Company Secretary and Head of Internal Audit of the Company.
11. The Directors' report has been prepared in compliance with the requirements of the Code of Corporate Governance and fully describes the salient matters required to be disclosed.
12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
13. The directors, CEO and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.
14. The Company has complied with all the corporate and financial reporting requirements of the Code of Corporate Governance.
15. The Board has formed an Audit Committee. It comprises three (3) members, of whom two (2) are non-executive directors and the chairman of the committee is an Independent director.
16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the Code of Corporate Governance. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The Board has formed an HR and Remuneration Committee. It comprises three (3) members, of whom two (2) are non-executive directors and the chairman of the committee is a non-executive director.
18. The board has set up an effective internal audit function.
19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange(s).
22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).
23. The company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.
24. We confirm that all other material principles enshrined in the Code of Corporate Governance have been complied with.

For and on behalf of the Board

Lahore:  
September 25, 2017

  
MIAN ASAD HAMEED  
CHIEF EXECUTIVE

  
SAEED IQBAL KHAN  
DIRECTOR



## REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors (the board) of Sazgar Engineering Works Limited (the Company) for the year ended June 30, 2017 to comply with the requirements of Rule 5.19 of the Rule book of the Pakistan Stock Exchange where the Company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board's statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board for their review and approval, its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended June 30, 2017.

*HYK & Co.*

**H.Y.K & Co.**  
Chartered Accountants  
Lahore: September 25, 2017

**Engagement Partner: Muhammad Yousaf**

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I-8 Markaz, Islamabad  
Phone: 051 486 1245-6  
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80 Faran Society Ahmed  
Barnaler Road 74800 Karachi  
Phone: 92 21 3493 8580





## AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **Sazgar Engineering Works Limited (the 'Company')** as at **June 30, 2017** and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- (a) in our opinion, proper books of accounts have been kept by the Company as required by the Companies Ordinance, 1984;
- (b) in our opinion:
  - (i) the balance sheet and profit and loss account, together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of accounts and are further in accordance with accounting policies consistently applied;
  - (ii) the expenditure incurred during the year was for the purpose of the Company's business; and
  - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- (c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2017 and of the profit, total comprehensive income, its cash flows and changes in equity for the year then ended; and
- (d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the company and deposited in the Central Zakat Fund established under Section 7 of that Ordinance.

**HYK & Co.**

**H.Y.K & Co.**  
Chartered Accountants  
Lahore: September 25, 2017

Engagement Partner: Muhammad Yousaf





## BALANCE SHEET AS

		June 30, 2017	June 30, 2016
	Note	Rupees	Rupees
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized share capital	5.1	500,000,000	500,000,000
Issued, subscribed and paid-up share capital	5.2	179,723,680	179,723,680
Revenue reserve - Un-appropriated Profit		594,064,626	509,691,079
		<b>773,788,306</b>	689,414,759
<b>LIABILITIES</b>			
<b>NON CURRENT LIABILITIES</b>			
Liabilities against assets subject to finance lease	6	-	56,310
Deferred Liabilities	7	138,335,634	118,501,881
<b>CURRENT LIABILITIES</b>			
Trade and other payables	8	496,168,925	320,181,524
Mark-up & profit accrued on loans and other payables	9	93,421	5,536
Current portion of long term liabilities	11	56,310	773,456
Provision for Taxation	12	-	48,745,424
		<b>496,318,656</b>	369,705,940
<b>CONTINGENCIES AND COMMITMENTS</b>	13	-	-
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,408,442,596</b>	<b>1,177,678,890</b>

The annexed notes 1 to 45 form an integral part of these financial statements.

  
**MIAN ASAD HAMEED**  
 CHIEF EXECUTIVE



AT JUNE 30, 2017

	Note	June 30, 2017 Rupees	June 30, 2016 Rupees
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Property, Plant and Equipment	14	533,007,173	244,518,158
Intangible Assets	15	50,819	135,605
<b>LONG TERM LOANS AND ADVANCES</b>			
	16	14,869,157	13,457,215
<b>LONG TERM DEPOSITS</b>			
	17	2,387,137	1,437,137
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools	18	2,728,731	2,982,191
Stock-in-trade	19	548,124,950	486,882,925
Trade debts	20	72,080,590	92,494,400
Loans & advances	21	10,796,759	18,049,762
Trade deposits and short term prepayments	22	33,107,316	32,397,546
Other receivables	23	123,987,074	118,425,818
Cash and bank balances	24	67,302,890	166,898,133
		858,128,310	918,130,775
<b>TOTAL ASSETS</b>		<b>1,408,442,596</b>	<b>1,177,678,890</b>

  
**SAEED IQBAL KHAN**  
 DIRECTOR

  
**MUHAMMAD ATIF RAO**  
 CHIEF FINANCIAL OFFICER



## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2017

	Note	June 30, 2017 Rupees	June 30, 2016 Rupees
Sales - Net	25	3,618,144,493	2,873,866,541
Cost of sales	26	3,238,663,489	2,585,180,116
<b>Gross Profit</b>		<b>379,481,004</b>	288,686,425
Distribution cost	27	83,912,593	69,547,356
Administrative expenses	28	65,884,066	56,919,426
Other operating expenses	29	26,703,862	12,766,183
		<b>176,500,521</b>	139,232,965
		<b>202,980,483</b>	149,453,460
Other income	30	2,922,832	7,284,005
<b>Operating profit before finance cost</b>		<b>205,903,315</b>	156,737,465
Finance cost	31	1,789,570	2,779,669
<b>Profit before taxation</b>		<b>204,113,745</b>	153,957,796
Taxation	32	61,291,804	46,288,058
<b>Profit after taxation</b>		<b>142,821,941</b>	107,669,738
<b>Earnings per share - Basic and diluted</b>	33	<b>7.95</b>	5.99

The annexed notes 1 to 45 form an integral part of these financial statements.

  
MIAN ASAD HAMEED  
CHIEF EXECUTIVE

  
SAEED IQBAL KHAN  
DIRECTOR

  
MUHAMMAD ATIF RAO  
CHIEF FINANCIAL OFFICER





## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2017

	June 30, 2017	June 30, 2016
Note	Rupees	Rupees
<b>PROFIT AFTER TAXATION FOR THE YEAR</b>	<b>142,821,941</b>	107,669,738
OTHER COMPREHENSIVE INCOME / (LOSS) FOR THE YEAR		
Items that may be reclassified subsequently to profit or loss	-	-
Items that will not be reclassified subsequently to profit or loss		
- Remeasurement of post employment benefit obligation	7.1.2 (9,024,382)	770,274
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>133,797,559</b>	108,440,012

The annexed notes 1 to 45 form an integral part of these financial statements.

  
MIAN ASAD HAMEED  
CHIEF EXECUTIVE

  
SAEED IQBAL KHAN  
DIRECTOR

  
MUHAMMAD ATIF RAO  
CHIEF FINANCIAL OFFICER

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED JUNE 30, 2017**

	Share Capital Rupees	Un-appropriated Profit Rupees	Total Rupees
Balance as at June 30, 2015	179,723,680	437,195,803	616,919,483
<b>Transaction with owner, recognize directly in equity</b>			
Final Dividend for the year ended June 30, 2015 @ Re.1.00 per share	-	(17,972,368)	(17,972,368)
Interim Dividend for the year ended June 30, 2016 @ Re.1.00 per share	-	(17,972,368)	(17,972,368)
<b>Total Transaction with owner, recognized directly in equity</b>		(35,944,736)	(35,944,736)
<b>Comprehensive Income for the Year</b>			
Profit after taxation		107,669,738	107,669,738
Other Comprehensive Income		770,274	770,274
<b>Total Comprehensive Income for the year ended June 30, 2016</b>	-	108,440,012	108,440,012
Balance as at June 30, 2016	179,723,680	509,691,079	689,414,759
Balance as at June 30, 2016	179,723,680	509,691,079	689,414,759
<b>Transaction with owner, recognize directly in equity</b>			
Final Dividend for the year ended June 30, 2016 @ Re.1.50 per share	-	(26,958,552)	(26,958,552)
Interim Dividend for the year ended June 30, 2017 @ Re.1.25 per share	-	(22,465,460)	(22,465,460)
<b>Total Transaction with owner, recognized directly in equity</b>		(49,424,012)	(49,424,012)
<b>Comprehensive Income for the Year</b>			
Profit after taxation		142,821,941	142,821,941
Other Comprehensive Loss		(9,024,382)	(9,024,382)
<b>Total comprehensive income for the year ended June 30, 2017</b>	-	133,797,559	133,797,559
Balance as at June 30, 2017	179,723,680	594,064,626	773,788,306

The annexed notes 1 to 45 form an integral part of these financial statements.

  
MIAN ASAD HAMEED  
CHIEF EXECUTIVE

  
SAEED IQBAL KHAN  
DIRECTOR

  
MUHAMMAD ATIF RAO  
CHIEF FINANCIAL OFFICER



**CASH FLOW STATEMENT  
FOR THE YEAR ENDED JUNE 30, 2017**

		<b>June 30, 2017</b>	<b>June 30, 2016</b>
	<b>Note</b>	<b>Rupees</b>	<b>Rupees</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	34	349,943,446	275,555,449
Finance cost paid		(1,701,685)	(3,109,978)
Income tax paid/deducted at source		(75,846,196)	(50,917,560)
Employees retirement benefit - Gratuity Paid		(4,921,002)	(3,865,506)
Workers Profit Participation Fund Paid		(8,287,790)	(5,354,439)
<b>Net cash generated from operating activities</b>		<b>259,186,773</b>	<b>212,307,966</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Property, Plant and Equipment Purchased		(310,514,722)	(18,742,939)
Decrease / (Increase) in long term security deposits		(950,000)	200,000
Proceeds from sale of Property, Plant and Equipment		2,400,689	9,095,000
<b>Net cash used in investing activities</b>		<b>(309,064,033)</b>	<b>(9,447,939)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Proceeds of short term borrowings		-	46,415,100
Repayment of short term borrowings		-	(62,663,382)
Repayment of finance lease		(773,456)	(2,251,921)
Dividend Paid		(48,944,527)	(35,743,739)
<b>Net cash used in financing activities</b>		<b>(49,717,983)</b>	<b>(54,243,942)</b>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>(99,595,243)</b>	<b>148,616,085</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>		<b>166,898,133</b>	<b>18,282,048</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	35	<b>67,302,890</b>	<b>166,898,133</b>

The annexed notes 1 to 45 form an integral part of these financial statements.

  
**MIAN ASAD HAMEED**  
CHIEF EXECUTIVE

  
**SAEED IQBAL KHAN**  
DIRECTOR

  
**MUHAMMAD ATIF RAO**  
CHIEF FINANCIAL OFFICER





## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

### 1 LEGAL STATUS AND NATURE OF BUSINESS

Sazgar Engineering Works Limited was incorporated in Pakistan on September 21, 1991 as a Private Limited Company under the Companies Ordinance, 1984 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.

### 2 BASIS OF PREPARATION

#### 2.1 Statement of Compliance

During the year, the Companies Act 2017 (the Act) has been promulgated, however, Securities and Exchange Commission of Pakistan vide its circular no. 17 of 2017 dated July 20, 2017 has communicated its decision that the companies whose financial year close on or before June 30, 2017 shall prepare the financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984.

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

#### 2.2 Basis of Measurement

These financial statements have been prepared under the historical cost convention except for the recognition of employees retirement benefits at present value.

#### 2.3 Functional and Presentation Currency

These financial statements are presented in Pak Rupee, which is the functional and presentation currency of the Company.

#### 2.4 New accounting standards, IFRIC interpretations and amendments to the published approved accounting standards that are effective in current year:

Certain standards, amendments and interpretations of approved accounting standards are effective for accounting periods beginning on July 01, 2016 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 financial statements, except for the following:

IAS 1, 'Presentation of financial statements' aims to improve presentation and disclosure in financial reports by emphasising the importance of understandability, comparability and clarity in presentation. The amendments provide clarification on number of issues, including:

-Materiality - an entity should not aggregate or disaggregate information in a manner that obscures useful information. Where items are material, sufficient information must be provided to explain the impact on the financial position or performance.

-Disaggregation and subtotals - line items specified in IAS 1 may need to be disaggregated where this is relevant to an understanding of the entity's financial position or performance. There is also new guidance on the use of subtotals.

-Notes - confirmation that the notes do not need to be presented in a particular order.

-Other Comprehensive Income (OCI) - arising from investments accounted for under the equity method - the share of the OCI arising from equity - accounted investments is grouped based on whether the items will or will not subsequently be reclassified to profit or loss. Each group should then be presented as a single line item in the statement of comprehensive income.

The above do not have any significant impact on these financial statements.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

### 2.5 New accounting standards, IFRIC interpretations and amendments to the published approved accounting standards that are not effective in current year and have not been early adopted by the Company:

The following standards, amendments to the approved accounting standards and interpretations that are mandatory for the companies having accounting periods beginning on or after July 01, 2017 but are considered not to be relevant or to have any significant effect on the Company's operations:

Standards or Interpretation	Effective date
IFRS 2 Share-based Payment: Clarification of Classification and Measurement of Share-based Payment Transactions (Amendments)	January 01, 2018
IFRS 4 Insurance Contracts: interaction of IFRS 4 and IFRS 9 Financial Instruments (Amendments)	January 01, 2018
IFRS 7 Financial Instruments: Disclosures - Disclosure Initiative (Amendments)	January 01, 2017
IAS - 12 Income Taxes: Recognition of deferred tax assets for unrealized losses (Amendments)	January 01, 2017
IAS - 40 Investment Property: transfers of property to, or from, investment property (Amendments)	January 01, 2018
IFRIC - 22 Foreign Currency Transactions and Advance Consideration	January 01, 2018
IFRIC - 23 Uncertainty over Income Tax Treatments	January 01, 2019

### 3 SIGNIFICANT ACCOUNTING POLICIES

#### 3.1 The Significant accounting policies adopted in the preparation of these financial statements are set out below and have been consistently applied to all the years presented.

##### Employee benefits

##### Defined benefit plan

Defined benefit plan is a post-employment benefit plan other than the defined contribution plan.

The Company operates an unfunded gratuity scheme for all its permanent employees. The provision is made on the basis of actuarial valuation by using the projected unit credit method. In calculating the Company's obligation in respect of a plan, any actuarial gains and losses are recognized immediately in the statement of other comprehensive income.

#### 3.2 Compensated Absences

The Company accounts for compensated absences of its employees on un-availed balance of leave in the period in which the leave is earned.

#### 3.3 Property, Plant and Equipment-Owned

Operating fixed assets except freehold land and capital work in progress are stated at cost less accumulated depreciation and impairment losses, if any. Land and capital work in progress are stated at cost. Cost in relation to self manufactured assets includes direct cost of materials, labour and applicable manufacturing overheads. Cost of tangible fixed assets consists of historical cost, borrowing cost pertaining to the construction/erection period and directly attributable cost of bringing the assets to working condition.

Depreciation on all property, plant and equipment except freehold land is charged by applying the reducing balance method in accordance with the rates specified in note no. 14.1 of these financial statements, whereby the cost of an asset is written off over its estimated useful life. Depreciation on additions is charged from the month the asset is available for use while no depreciation is charged in the month in which the asset is disposed off.





## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

The assets' residual values and useful lives are reviewed at each financial year end, and adjusted if impact on depreciation is significant.

Normal maintenance and repairs are charged to profit & loss account as and when incurred. Major renewals and replacements are capitalized.

Disposal of an asset is recognized when significant risks and rewards, incidental to the ownership of the assets have been transferred to the buyer. Gain or Loss on disposal of Property, Plant and Equipment is determined by comparing the carrying amount of the assets with the realized sale proceeds and is recognized in the current year's profit and Loss account.

### 3.4 Impairment of fixed assets

The company assesses at each balance sheet date whether there is any indication that a fixed asset may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying value exceeds recoverable amount, assets are written down to the recoverable amount.

### 3.5 Intangible Assets

The Intangible Assets are stated at cost less accumulated amortization and identified impairment loss, if any. The cost of intangible assets is amortized over a period of five (5) years using the straight line method.

Amortization on additions to the intangible assets is charged from the month in which an asset is capitalized and / or is available for use, while no amortization is charged for the month in which the asset is disposed off. The amortization expense is charged to the profit & loss account.

International Accounting Standard (IAS) 38 "Intangible Assets" requires review of amortization period and the amortization method at least at each financial year end. Accordingly the management assesses at each balance sheet date the assets' residual values and useful lives in addition to considering any indication of impairment, and adjustments are made if impact on amortization is significant.

### 3.6 Loan, advances and Prepayments

These are recognized at cost, which is fair value of the consideration given. However, an assessment is made at each balance sheet date to determine whether there is an indication that assets may be impaired. If such indication exists, the estimated recoverable amount of that asset is determine and any impairment loss is recognized for the difference between the recoverable amount.

### 3.7 Assets subject to finance lease

Lease that substantially transfers all the risks and rewards, incidental to the ownership of an asset to the company is classified as finance lease.

Assets under finance lease are stated at lower of present value of minimum lease payments under the lease agreements and the fair value of assets at the inception of the lease. The aggregate amount of obligation relating to these assets are accounted for at net present value of liabilities. Depreciation on these assets is charged in line with normal depreciation policy adopted for assets owned by the Company.

### 3.8 Taxation

#### Current and Prior Year

Provision for current year's taxation is determined in accordance with the prevailing law of taxation on income enacted by the balance sheet date and is based on current rates of taxation being applied on the taxable income for the year, after taking into account, tax credits and rebates available, if any and taxes paid under the Final tax regime. The tax charge also includes adjustments, where necessary, relating to prior years which arise from assessments finalized during the year.





## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

### Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable income. Deferred tax is calculated by using the tax rates enacted at the balance sheet date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profit will be available and the credits can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax is charged or credited in the profit and loss account, except in case where the item to which the deferred tax asset or liability pertains, is recorded in other comprehensive income or equity, the corresponding deferred tax charge is also recognized in other comprehensive income or equity.

### 3.9 Trade debts and other receivables

Trade debts and other receivables are carried at original invoice value less an estimate made for doubtful receivables which is determined, based on management's review of outstanding amounts and previous repayment history. Balances considered bad and irrecoverable are written off.

### 3.10 Store, spares and loose tools

These are valued at weighted average cost except items in transit which are valued at cost comprising invoice value and other charges paid thereon.

The company reviews the carrying amount of stores, spares and loose tools on a regular basis and provision is made for obsolescence if there is any change in usage pattern and physical form. Impairment, if any, is also made for slow moving items identified as surplus to the requirements of the company.

### 3.11 Stock-in-trade

Stock in trade is valued at the lower of weighted average cost and net realizable value. The average cost in relation to work in process and finished goods represents direct costs of raw materials, labour and appropriate portion of overheads. Net realizable value signifies the estimated selling price in the ordinary course of business less costs necessarily to be incurred in order to make the sale.

The company reviews the carrying amount of stock in trade on a regular basis and as appropriate, inventory is written down to its net realizable value or provision is made for obsolescence if there is any change in its usage pattern and physical form. Cost of work in process and finished goods include direct material, labour and appropriate portion of manufacturing expenses.

### 3.12 Foreign currency translation

Transactions in foreign currencies are translated into Pak rupees using the exchange rate prevailing at the dates of transactions. Monetary assets and liabilities denominated in foreign currencies are translated into Pak rupees at the rates of exchange approximating those prevalent at the balance sheet date. All exchange differences are charged to Profit and Loss Account.

### 3.13 Revenue recognition

Revenue from sales is recognized on dispatch of goods to customers. Goods are considered dispatched when risk and rewards are transferred to customers.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

### 3.14 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. All other borrowing costs are charged to profit and loss account in the period in which they are incurred.

### 3.15 Segment reporting

Segment information is presented on the same basis as that used for internal reporting purposes by the Chief Operating Decision Maker, who is responsible for allocating resources and assessing performance of the operating segments. On the basis of its internal reporting structure, a reportable segment is identified where it becomes a distinguishable component that is engaged in providing an individual product or service or a group of related products or services within a particular economic environment and that is subject to risks and returns that are different from those of other segments. Expenses which cannot be directly allocated activity-wise, are apportioned on appropriate basis as required by Chief Operating Decision Maker.

### 3.16 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalent consists of cash in hand, balances with banks and short term running finance facilities.

### 3.17 Trade and accrued liabilities

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for the goods and services received, whether billed or not to the Company.

### 3.18 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provisions are reversed.

### 3.19 Financial instruments

All the financial assets and financial liabilities are recognized at the time when the company becomes a party to the contractual provisions of the instrument. Any gain or loss on derecognition of the financial assets and financial liabilities is taken to profit and loss account currently.

### 3.20 Offsetting of financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount is reported in the balance sheet if the Company has legally enforceable right to set off the recognized amount and intend either to settle on a net basis or to realize the asset and settle the liability simultaneously.

### 3.21 Research and Development

Expenditure on research activities, undertaken with the prospect of gaining new technical knowledge and understanding, is recognized in the profit & loss account as an expense as incurred.

Expenditure on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalized if the product or process is technically and commercially feasible and the company has sufficient resources to complete development. The expenditure capitalized includes the cost of materials, direct labour, an appropriate proportion of overheads and other directly attributable expenditure. Other development expenditure is recognized in the profit & loss account as an expense as incurred.

Expenditure on development activities, capitalized during the year, are classified under "Intangible Assets".





## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

### 3.22 Earning Per Share

The Company presents Earning Per Share (EPS) data for its ordinary shares, EPS is calculated by dividing the profit attributable to ordinary shareholders of the Company by the weighted average number of shares outstanding during the year.

### 3.23 Dividends

Dividend distribution to the shareholders is recognized as a liability in the period in which it is approved.

### 3.24 Warranty Expenses

Warranty expenses are recorded as and when valid claims are received from customers.

## 4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements in conformity with approved accounting standards. These standards require the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are as follows:

		Notes
a)	Liability in respect of staff retirement benefits.	3.1
b)	Useful life of depreciable Property, Plant and Equipment and amortizable Intangible assets.	3.3 & 3.5
c)	Taxation	3.8
d)	Stock in trade	3.11
e)	Contingencies and Commitments	13

Estimates and judgments are continually evaluated and are based on historic experience and other factors including expectation of future events that are believed to be reasonable under the circumstances.

## 5 SHARE CAPITAL

### 5.1 AUTHORIZED SHARE CAPITAL

June 30, 2017 Number	June 30, 2016 Number	Note	June 30, 2017 Rupees	June 30, 2016 Rupees
50,000,000	50,000,000	Ordinary shares of Rupees 10 each fully paid in cash	500,000,000	500,000,000

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

7,163,000	7,163,000	Ordinary shares of Rupees 10 each fully paid in cash	71,630,000	71,630,000
10,809,368	10,809,368	Ordinary shares of Rupees 10 each allotted as bonus shares	108,093,680	108,093,680
17,972,368	17,972,368		179,723,680	179,723,680

5.2.1 No bonus shares (2016: Nil) were issued by the company during the current year.





**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017**

	Note	June 30, 2017 Rupees	June 30, 2016 Rupees
<b>6 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE</b>			
Present value of minimum lease payments		56,310	829,766
Less: Current portion shown under current liabilities	11	(56,310)	(773,456)
		-	56,310

The amount of future payments and the periods in which these payments will become due are as under:

Due not later than one year:

Minimum lease payments	57,894	821,568
Less: Future finance charges	1,584	48,112
Present value	56,310	773,456

Due later than one year and not later than five years:

Minimum lease payments	-	57,894
Less: Future finance charges	-	1,584
Present value	-	56,310
	56,310	829,766

The Company entered into finance lease arrangements with leasing companies for lease of motor vehicles. The lease term of these arrangements is three years (2016: three years). The minimum lease payments have been discounted using the effective interest rates implicit in leases 12.72% per annum (June 30, 2016: From 12.72% to 12.94%) to arrive at the present value. Rentals are payable in monthly installments. Repairs and maintenance costs are to be borne by the lessee. The liability is secured by deposit of Rs. 0.16 million (June 30, 2016: Rs. 0.53 million), lessor's title to leased assets and personal guarantees of some directors of the Company. The Company intends to exercise its options to purchase the leased assets upon completion of the lease term.

**7 DEFERRED LIABILITIES**

Employee benefits obligation	7.1	116,308,552	93,494,529
Deferred taxation	7.2	22,027,082	25,007,352
		138,335,634	118,501,881

**7.1 Employee benefits obligation**

**7.1.1 Net liability recognized in the balance sheet**

Present value of defined benefit obligations	116,308,552	93,494,529
	116,308,552	93,494,529

**7.1.2 Movement in the net liability recognized in the balance sheet**

Net liability as at 1st July		93,494,529	79,464,470
Expense recognized in the profit & loss account	7.1.3	18,710,643	18,665,839
Liability discharged during the year		(4,640,050)	(3,305,166)
Benefit Payable transferred to Short Term Liability		(280,952)	(560,340)
Re-measurement recognized in other comprehensive income		9,024,382	(770,274)
Net liability as at June 30		116,308,552	93,494,529



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

	June 30, 2017	June 30, 2016
	Rupees	Rupees
<b>7.1.3 Expense recognized in the profit &amp; loss account</b>		
Current service cost	12,110,676	11,106,497
Interest cost	6,599,967	7,559,342
	<b>18,710,643</b>	<b>18,665,839</b>

### 7.1.4 Distribution of expense recognized in the profit & loss account

The expense is recognized in the following line items in the profit & loss account under the head salaries, wages and other benefits.

Cost of sales	14,517,362	14,156,746
Administrative expenses	3,800,582	3,632,928
Distribution cost	392,699	876,165
	<b>18,710,643</b>	<b>18,665,839</b>

### 7.1.5 Year end sensitivity analysis(± 100 Bps) on Defined Benefit Obligation

	June 30, 2017
Discount Rate + 100 bps	106,481,512
Discount Rate - 100 bps	127,947,451
Salary Increase + 100 Bps	128,165,157
Salary Increase - 100 Bps	106,115,940

### 7.1.6 Re-measurement recognized in Other Comprehensive Income

Actuarial (gain) / losses from changes in financial assumptions	153,124	(647,381)
Experiences adjustments	8,871,258	(122,893)
<b>Total re-measurement recognized in Other Comprehensive Income</b>	<b>9,024,382</b>	<b>(770,274)</b>

**7.1.7** The amount of expected expense of gratuity benefit in 2017-18 will be Rs. 23,585,277/- as per the actuary's report.

**7.1.8** The average duration of defined benefit obligation (unfunded) is 9 years (June 30, 2016, 9.6 Years).

### 7.1.9 Principal actuarial assumptions

The company has carried out actuarial valuation as at June 30, 2017 under the 'Projected Unit Credit Actuarial Cost Method'. The main assumptions used for actuarial valuation are as follows:

Discount rate for year end Obligation	7.75 % p.a.	7.25 % p.a.
Discount rate for interest cost in P&L charge	7.25 % p.a.	9.75 % p.a.
Expected rate of future salary increase	6.75 % p.a.	6.25 % p.a.
Mortality rates	SLIC 2001-2005 Setback 1 Year	SLIC 2001-2005 Setback 1 Year
Retirement age assumption	60 Years	60 Years

### 7.2 Deferred taxation

The liability for deferred taxation comprises of temporary differences relating to:

Accelerated depreciation for tax purposes	22,044,262	25,270,833
Liabilities under finance lease that are deducted for tax purposes only when paid	(17,180)	(263,481)
	<b>22,027,082</b>	<b>25,007,352</b>



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

	Note	June 30, 2017 Rupees	June 30, 2016 Rupees
<b>8 TRADE AND OTHER PAYABLES</b>			
Creditors		398,537,709	252,618,272
Advances from trade customers		24,689,923	31,133,240
Accrued liabilities		14,373,886	11,102,138
<b>Murabaha Payable: (Islamic)</b>			
Meezan Bank Limited	8.1	26,874,842	-
Habib Bank Limited	10.5	3,561,718	-
Sales tax payable		-	9,677,069
Income tax deducted at source		10,645,379	2,539,878
Unclaimed Dividend		2,173,778	1,694,293
<b>Payable towards:</b>			
Workers' Profit Participation Fund	8.2	10,994,813	8,287,790
Workers' Welfare Fund	8.3	4,316,877	3,128,844
		<b>496,168,925</b>	<b>320,181,524</b>
<b>8.1</b>	Total amount of facility available from Meezan Bank Limited under Murabaha arrangement is Rs.100 million (June 30, 2016: Rs. 100 Million) for a maximum period of 180 days (June 30, 2016: 180 Days). The profit margin is charged at the rate of respective KIBOR plus 2.0% (June 30, 2016: KIBOR plus spread of 2.0%). This facility is secured against paripassu charge over fixed assets (Land, Building and Machinery) of the company amounting to Rs. 134.00 million (June 30, 2016: Rs. 134 Million) with 25% margin (June 30, 2016: 25%), first paripassu charge over current assets of the company amounting to Rs. 100.00 million (June 30, 2016: 100 Million) and personal guarantees of some of the directors. The un-utilized amount of this facility as at balance sheet date is Rs. 73.13 million (June 30, 2016: Rs. 100 Million).		
<b>8.2 Workers' Profit Participation Fund</b>			
Balance at beginning of the year		8,287,790	5,354,439
Charged during the year	29	10,994,813	8,287,790
		<b>19,282,603</b>	<b>13,642,229</b>
Payment made during the year		(8,287,790)	(5,354,439)
		<b>10,994,813</b>	<b>8,287,790</b>
<b>8.3 Workers' Welfare Fund</b>			
Balance at beginning of the year		3,128,844	2,059,518
Charged during the year		4,316,877	3,128,844
Adjustment for prior years		(78,380)	(63,683)
Charged to Profit & Loss account	29	4,238,497	3,065,161
		<b>7,367,341</b>	<b>5,124,679</b>
Payment made during the year		(3,050,464)	(1,995,835)
		<b>4,316,877</b>	<b>3,128,844</b>
<b>9 MARK-UP &amp; PROFIT ACCRUED ON LOANS AND OTHER PAYABLES</b>			
Short term borrowing - secured		-	3,229
Liabilities against assets subject to finance lease		625	2,307
Profit on Murabaha Payable		92,796	-
		<b>93,421</b>	<b>5,536</b>





## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

	Note	June 30, 2017 Rupees	June 30, 2016 Rupees
<b>10 SHORT TERM BORROWINGS</b>			
<b>Secured</b>			
<b>Running finance under mark-up arrangements - Conventional</b>			
Allied Bank Limited	10.2	-	-
Habib Bank Limited	10.3	-	-
<b>Finance against trust receipts - Conventional</b>			
Allied Bank Limited	10.4	-	-
Habib Bank Limited	10.5	-	-
<b>Islamic Financing Facilities</b>			
Running Musharika	10.6	-	-
Istisna	10.7	-	-
		<u>-</u>	<u>-</u>

- 10.1** The company is availing Islamic banking facility from Habib Bank Limited as Sub-limit of the credit facility. The detail is given as below;

2017		
Amount	Facilities under mark-up Finance arrangement	Facilities under Islamic Finance arrangement
50 M	Running Finance	-
110 M	LC Sight/LC DA (inland)/ DOD / Acceptance/SG	LC Sight/LC DA (inland)/ DOD / Acceptance/SG
40 M	FATR, Sublimit of Above Limit	Murabaha, Sublimit of Above Limit
2016		
Amount	Facilities under mark-up Finance arrangement	Facilities under Islamic Finance arrangement
50 M	Running Finance	-
110 M	LC Sight/LC DA (inland)/ DOD / Acceptance/SG	LC Sight/LC DA (inland)/ DOD / Acceptance/SG
40 M	FATR, Sublimit of Above Limit	Murabaha, Sublimit of Above Limit

The Company has an option to utilize the Banking Finance Facilities available from Habib Bank Limited either under Mark-up finance arrangement or Islamic finance arrangement. The Company intends to utilize these facilities under the Islamic Finance arrangements. The FATR facility, when it is utilized under Islamic system it will be created under Import Murabaha Facility and will be disclosed under the head of Trade and other payable (Note no.8).

- 10.2** Total amount of finance available under this facility is Rs. 45.00 million (June 30, 2016: Rs. 45.00 million). The mark-up is charged at the rate of three months KIBOR plus spread of 2.0% (June 30, 2016: three months average ask side KIBOR plus 2.0%). This facility is collaterally secured against First charge on the present and future fixed assets for Rs. 185.00 million (June 30, 2016: Rs.185.00 million) and First paripassu Charge on present and future current assets of the Company to the extent of Rs.110.00 million (June 30, 2016: Rs. 110.00 million). This facility is specifically secured by Hypothecation of current assets of the Company with 25% margin (June 30, 2016: 25% margin). The un-utilized amount of this facility as at balance sheet date is Rs. 45.00 million (June 30, 2016: Rs. 45.00 million).
- 10.3** Total amount of finance available under this facility is Rs. 50.00 million (June 30, 2016: Rs. 50.00 million). The mark-up is charged at the rate of three months KIBOR + 2.5% per annum (June 30, 2016: three months average ask side KIBOR + 2.50 %). This facility is collaterally secured against First paripassu charge on fixed assets of Rs. 214.00 million (June 30, 2016: Rs. 214.00 million) and specifically secured against First paripassu Hypothecation Charge of Rs. 90.00 million (June 30, 2016: Rs. 90.00 million) over current assets of the Company, comprising of raw material, work in process, finished goods, etc. and receivable and book debts of the Company with Nil margin (June 30, 2016: 20% margin). The un-utilized amount of this facility as at balance sheet date is Rs 50.00 million (June 30, 2016: Rs. 50.00 million) .



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

- 10.4** Total amount available under this facility is Rs. 48.00 million (June 30, 2016: Rs. 48.00 million) for a maximum period of 90 days (June 30, 2016: of 90 days). The mark-up is charged at the rate of three months KIBOR plus spread of 2.00% (June 30, 2016: three months average ask side KIBOR plus 2.00%). This facility is collaterally secured against First charge on present and future fixed assets for Rs. 185.00 million (June 30, 2016: Rs. 185.00 million) and First paripassu Charge on current assets of the company to the extent of Rs. 110.00 million (June 30, 2016: Rs. 110.00 million). This facility is specifically secured by way of trust receipts. The un-utilized amount of this facility as at balance sheet date is Rs. 48.00 million (June 30, 2016: Rs. 48.00 million). The un-utilized amount of this facility can be used for opening Letter of Credit.
- 10.5** Total amount available under this facility is Rs. 40.00 million (June 30, 2016: Rs. 40.00 million) with an option to utilize under Murabaha Facility, for a maximum period of 120 days (June 30, 2016: 120 days). The mark-up is charged at the rate of three months KIBOR plus 2.50% for FATR and 2.00% for Murabaha, per annum (June 30, 2016: three months average ask side KIBOR plus 2.50%, for murabaha and 2.00% for FATR per annum). This facility is collaterally secured against First paripassu charge of Rs. 214.00 million (June 30, 2016: Rs. 214.00 million) on fixed assets of the company and specifically secured against First paripassu Hypothecation Charge of Rs. 90.00 million (June 30, 2016: Rs. 90.00 million) over current assets of the Company, comprising of raw material, work in process, finished goods, receivable and book debts with Nil margin (June 30, 2016: 20%) of the Company, 5% Cash margin, (June 30, 2016: 5%), Trust Receipts and accepted bill of exchange. Out of this facility a sum of Rs. 3.56 million (June 30, 2016: Nil) has been utilized on account of Murabaha Facility (Note No.8) The balance un-utilized amount of this facility as at balance sheet date is Rs. 36.44 million (June 30, 2016: Rs.Nil) which can be used for opening of Letter of Credit.
- 10.6** Total amount of facility available from Meezan Bank Limited under Running Musharika arrangement is Rs. 60.00 million (June 30, 2016: Rs. 60.00 million). This facility is a sub-limit of murabaha facility of Rs. 100.00 million (June 30, 2016: Rs. 100.00 million) (Note No. 8.1). The profit margin is charged on quarterly basis at the rate of respective KIBOR plus 2.0% (June 30, 2016: 2.0%) per annum. This facility is secured against paripassu charge over fixed assets (Land, Building and Machinery) of the company amounting to Rs. 134.00 million (June 30, 2016: Rs. 134.00 million), paripassu charge over current assets of the company amounting to Rs. 100.00 million (June 30, 2016: Rs. 100.00 million) and personal guarantees of some of the directors. The un-utilized amount of this facility as at balance sheet date is Rs. 60.00 million (June 30, 2016: Rs. 60.00 million).
- 10.7** Total amount of facility available from Meezan Bank Limited under Istisna arrangement is Rs. 40.00 million (June 30, 2016: Rs. 40.00 million) for a maximum period of 180 days (June 30, 2016: 180 days). This facility is a sub-limit of murabaha facility of Rs. 100 million (June 30, 2016: Rs. 100.00 million) (Note No. 8.1). The profit margin is charged at the rate of respective KIBOR plus 2.0% (June 30, 2016: 2.0%) per annum. This facility is secured against paripassu charge over fixed assets (Land, Building and Machinery) of the company amounting to Rs. 134.00 million (June 30, 2016: Rs. 134.00 million), paripassu charge over current assets of the company amounting to Rs. 100.00 million (June 30, 2016: Rs. 100.00 million) and personal guarantees of some of the directors. The un-utilized amount of this facility as at balance sheet date is Rs. 40.00 million (June 30, 2016: Rs. 40.00 million).
- 10.8** The usage of total amount of facilities of Rs.143.00 million (June 30, 2016: Rs. 143.00 million) available from Allied Bank Limited under Running Finance, Finance Against Trust Receipts and In-land Letter of Credit is allowed in aggregate only to the extent of Rs. 130.00 million (June 30, 2016: Rs. 130.00 million) at any point of time.

### 11 CURRENT PORTION OF LONG TERM LIABILITIES

Note

	June 30, 2017	June 30, 2016
	Rupees	Rupees
Liabilities against assets subject to finance lease	56,310	773,456
	56,310	773,456

### 12 PROVISION FOR TAXATION

Balance at beginning	48,745,424	32,786,233
Add: Provision for the Year		
-Current Year	65,454,307	48,745,424
-Prior Year	(1,182,232)	(1,029,754)
Less: Payment/Adjustment during the year	(113,017,499)	(31,756,479)
	-	48,745,424



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017****13 CONTINGENCIES AND COMMITMENTS****13.1 Contingencies**

- 13.1.1** During the previous years, Deputy Director (Admin) of the Punjab Employees Social Security Institution has created a demand of Rs. 6,574,682/- for the year 2014 on account of social security contribution including increase thereon under section 23(1) of the Social Security Ordinance, 1965. The Company has filed an appeal with Commissioner Appeals against this order, which is still pending. In the opinion of legal advisor, favorable outcome of the appeal is expected; hence no provision is made in these financial statements.
- 13.1.2** During the previous years, ACIR initiated proceedings under section 124/129/221 of Income Tax Ordinance 2001 for tax year 2008 and rejected the refund of Rs. 1.43 million. The company filed an appeal against this order with CIR (Appeals) and proceedings are still pending. In the opinion of tax consultant, favorable outcome is expected, hence no provision is made in these financial statements.
- 13.1.3** During the previous years, ACIR initiated proceedings under section 3(1A) of Sales Tax act 1990 for tax period July-Sep 2015 and created sales tax demand of Rs. 9.4 million. The company filed an appeal against this order with CIR (A) and CIR (A) vacated the order of ACIR. However ACIR filed an appeal with ATIR, proceedings are still pending. In the opinion of tax consultant, favorable outcome is expected, hence no provision is made in these financial statements.
- 13.1.4** During the previous years, The appeal filed by the company with ATIR against the order of CIR (Appeals) for tax demand of Rs. 545,930/- for tax year 2003 under section 122 (5A) is still pending. In the opinion of the tax consultant, favorable outcome of the appeal is expected, hence no provision is made in these financial statements.
- 13.1.5** During the previous years, DCIR initiated proceedings under section 122(1)/122 (5)/124 for tax year 2009 and created a tax demand of Rs. 22.27 million. The company filed an appeal against this order with CIR (Appeals) and got relief up to Rs.19.18 million. For remaining tax demand of Rs.3.09 million, company has filed an appeal with ATIR. Further, during previous years, the DCIR has also filed an appeal against the Relief of Rs. 15.03 million given by the CIR (A). The proceedings are still pending. In the opinion of tax consultant, favorable outcome of the appeals are expected, hence no provision is made in these financial statements for these amounts.
- 13.1.6** During the previous years, DCIR initiated proceedings under section 122 (5A) for tax year 2009 and created a tax demand of Rs. 5.44 million. The company filed an appeal against this order with CIR (Appeals) and got relief up to Rs.5.32 million. For remaining tax demand of Rs. 0.12 million, company file an appeal with ATIR. Further, during the year, the DCIR has also filed an appeal with ATIR against the Relief of Rs. 5.32 million given by the CIR (A) In the opinion of tax consultant, favorable outcome of the appeal is expected, hence no provision is made in these financial statements.
- 13.1.7** During the previous years, DCIR initiated proceedings and passed an order under section 161/205 of Income Tax Ordinance 2001 for the tax year 2013 and created a demand of Rs. 70.98 million. The company filed an appeal against this order with CIR (Appeals) and CIR (Appeals) passed an order to remand back the case to DCIR. Subsequently, the company has filed an appeal with ATIR against the order of CIR (Appeals). The proceedings are still pending and in the opinion of the tax consultant, favorable outcome of the appeal is expected, hence no provision is made in these financial statements.
- 13.1.8** During the previous years, DCIR initiated proceedings under section 122 (1)/122 (5A) for tax year 2013 and 2007 and created a tax demand of Rs. 6,151,787/- and Rs. 16,581,680/- respectively. The company filed appeals against these orders with CIR (Appeals) and got relief of Rs. 3,672,094/- and Rs. 15,940,450/- respectively. For remaining tax demand of Rs.2,479,693/- and Rs. 614,230/- company has filed appeals with ATIR. The appeals are still pending. Further during the year, the DCIR has also filed an appeal to ATIR against the relief of Rs. 4,365,419/- given by CIR (A) for tax year 2013, the company has filed an appeal with CIR (A). In the opinion of tax consultant, favorable outcome of the appeals are expected, hence no provision is made in these financial statements.
- 13.1.9** During the previous year, the Company has filed Writ Petitions in Lahore High Court, Lahore against the illegal selection by the Commissioner Inland Revenue for the audit of Income tax affairs for tax year 2012 under section 177 (1) of Income Tax Ordinance, 2001 (Ordinance) and Sales tax audit for the tax year 2012 under section 25 of Sales Tax Act 1990. The Honorable Lahore High Court, Lahore has granted an interim relief to the Company and restrained the Commissioner Inland Revenue to pass a final order. The cases are still pending. The management of the company is of opinion that outcome of these cases will be in favour of the company.





## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

### 13.2 Commitments

**13.2.1** Commitments in respect of outstanding letters of credit for raw material amount to Rs. 167.30 Million (June 30, 2016: Rs. 90.84 Million).

**13.2.2** Commitments in respect of capital expenditures amount to Rs. 8.99 Million (June 30, 2016: Rs. Nil ).

### 14 PROPERTY, PLANT AND EQUIPMENT

	Note	June 30, 2017 Rupees	June 30, 2016 Rupees
Operating fixed assets	14.1	264,189,676	241,027,824
Capital work in progress	14.3	267,517,497	490,334
Advance for purchase of vehicle	14.4	1,300,000	3,000,000
		<b>533,007,173</b>	<b>244,518,158</b>

### 14.1 OPERATING FIXED ASSETS - Tangible

Particulars	Cost				Rate %	Depreciation			As at 30-06-2017	W.D.V. as at 30-06-2017
	As at 01-07-2018	Additions/ (Deletions)	Transfer	As at 30-06-2017		As at 01-07-2016	For the Year	Adjustment		
Freehold land	85,164,954	22,527,054	-	107,692,008	-	-	-	-	-	107,692,008
Building and Civil Works on freehold land	88,273,401	-	-	88,273,401	5 to 10	48,598,968	3,880,802	-	52,477,770	39,795,631
Building and Civil Works on leasehold land	2,509,800	-	-	2,509,800	10	146,405	236,340	-	382,745	2,127,055
Plant and Machinery	200,206,370	5,486,326	-	205,692,696	10	119,815,477	8,204,244	-	128,019,721	77,672,975
Electric Fittings	8,074,296	1,115,063	-	9,189,359	10	5,174,466	336,444	-	5,510,910	3,678,448
Furniture and Fittings	2,472,886	(161,254)	-	2,311,631	10	1,520,385	94,143	(146,864)	1,467,664	843,969
Office Equipment	4,344,405	340,615	-	4,685,020	10	2,301,135	222,124	(185,011)	2,338,228	2,143,014
Electric Installations	3,315,876	(15,420)	-	3,300,456	10	1,543,718	177,030	(13,893)	1,707,756	1,592,864
Vehicles	45,401,861	15,718,306	2,468,500	63,588,667	20	21,793,365	9,131,796	(2,357,403)	28,088,972	32,096,489
Assets subject to Finance Lease	439,763,849	45,187,358	2,468,500	487,419,707	-	200,892,119	20,282,923	(2,512,292)	219,953,766	253,632,284
Vehicles	3,527,500	-	(2,468,500)	1,059,000	20	1,371,404	431,229	(1,331,015)	471,608	587,302
	3,527,500	-	(2,468,500)	1,059,000	-	1,371,404	431,229	(1,331,015)	471,608	587,302
<b>Total 2017</b>	<b>443,293,349</b>	<b>45,187,358</b>	<b>(3,823,858)</b>	<b>484,656,849</b>	-	<b>202,263,523</b>	<b>20,714,142</b>	<b>(3,843,307)</b>	<b>220,465,374</b>	<b>254,189,676</b>

Details of property, plant and equipment sold during the year are given in note no.14.5

Particulars	Cost				Rate %	Depreciation			As at 30-06-2016	W.D.V. as at 30-06-2016
	As at 01-07-2015	Additions/ (Deletions)	Transfer	As at 30-06-2016		As at 01-07-2015	For the Year	Adjustment		
Freehold land	85,164,954	-	-	85,164,954	-	-	-	-	-	85,164,954
Building and Civil Works on freehold land	80,462,050	7,811,351	-	88,273,401	5 to 10	45,085,847	3,511,321	-	48,598,968	39,676,433
Building and Civil Works on leasehold land	-	2,509,800	-	2,509,800	10	-	146,405	-	146,405	2,363,394
Plant and Machinery	195,338,599	4,866,771	-	200,205,370	10	111,234,603	8,580,376	-	119,815,477	80,380,892
Electric Fittings	8,074,296	-	-	8,074,296	10	4,852,263	322,203	-	5,174,466	2,899,830
Furniture and Fittings	2,472,886	-	-	2,472,886	10	1,414,551	105,834	-	1,520,385	952,501
Office Equipment	4,069,536	274,869	-	4,344,405	10	2,081,740	219,395	-	2,301,135	2,043,270
Electric Installations	3,315,876	-	-	3,315,876	10	1,346,813	196,306	-	1,543,119	1,772,157
Vehicles	41,800,377	4,908,300	7,687,500	54,395,177	20	20,342,941	5,293,252	(4,144,029)	21,492,164	23,608,296
Assets subject to Finance Lease	420,699,774	24,371,291	7,687,500	452,758,565	-	186,358,456	18,378,492	(7,987,856)	200,892,119	238,871,728
Vehicles	11,225,000	-	(7,687,500)	3,537,500	20	4,088,792	1,427,241	(4,144,639)	1,371,404	2,156,096
	11,225,000	-	(7,687,500)	3,537,500	-	4,088,792	1,427,241	(4,144,639)	1,371,404	2,156,096
<b>Total 2016</b>	<b>431,924,774</b>	<b>24,371,291</b>	<b>(7,687,500)</b>	<b>448,608,565</b>	-	<b>190,447,248</b>	<b>19,803,732</b>	<b>(12,132,085)</b>	<b>202,263,523</b>	<b>241,027,824</b>



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

### 14.2 Depreciation for the year has been allocated as follows:

	Note	June 30, 2017 Rupees	June 30, 2016 Rupees
Cost of sales	26	12,802,373	12,827,503
Distribution cost	27	443,139	951,148
Administrative expenses	28	7,468,630	6,025,081
		<b>20,714,142</b>	<b>19,803,732</b>

### 14.3 CAPITAL WORK-IN-PROGRESS

#### Tangible

##### Plant and machinery

Opening balance	-	817,001
Additions made during the year	4,545,261	3,530,000
	<b>4,545,261</b>	<b>4,347,001</b>
Transferred to Plant & Machinery	-	4,347,001
	<b>14.3.1</b>	<b>4,545,261</b>

##### Civil works

Opening balance	-	7,811,351
Additions made during the year	262,481,902	-
	<b>262,481,902</b>	<b>7,811,351</b>
Transferred to operating fixed assets	-	7,811,351
	<b>262,481,902</b>	<b>-</b>

#### Intangible

Opening balance	490,334	490,334
Additions made during the year	-	-
	<b>490,334</b>	<b>490,334</b>
Transferred to Intangible Assets	-	-
	<b>490,334</b>	<b>490,334</b>
	<b>267,517,497</b>	<b>490,334</b>

**14.3.1** This includes Rs. 4.55 million (June 30, 2016: Rs. Nil million) on account of advance paid to supplier of machinery.

**14.4** This balance represents the amount of advance paid to Atlas Honda Cars Limited for the purchase of one vehicle.

**14.5** The detail of property, plant and equipment disposed off is as follows:

Particulars	Cost	Net Book Value	Sale Price	Mode of Disposal	Particulars of Purchaser
	Rupees				
Suzuki Cultus	943,000	288,660	630,000	Negotiation	Mr. Jamil Ahmed Sindhu, Makhny Wala, Dakhana Landy, Tehsil Chunian, Distt. Kasur.
Honda Civic	2,410,500	962,657	1,700,000	Negotiation	Mrs. Humera Imtiaz, H.No. 8, Street No. 29, Barni Street, Garhi Shahu, Lahore.
Honda CG125	89,900	24,680	25,000	Negotiation	Mr. Ghulam Murtaza, H.No. 23, Street No. 12, Block 6C-D, Green Town, Lahore.
Furniture and fixtures	161,254	14,389	21,889	Negotiation	Hi-Tech Cooling Centre, H-30 Link Temple Road, Lahore.
Office equipment	203,778	18,747	20,800	Negotiation	Hi-Tech Cooling Centre, H-30 Link Temple Road, Lahore.
Electric Installation	15,426	2,433	3,000	Negotiation	Hi-Tech Cooling Centre, H-30 Link Temple Road, Lahore.
<b>June 30, 2017</b>	<b>3,823,858</b>	<b>1,311,565</b>	<b>2,400,689</b>		
<b>June 30, 2016</b>	<b>13,004,716</b>	<b>5,017,260</b>	<b>9,095,000</b>		



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

### 15 INTANGIBLE ASSETS

Particulars	(Rupees)					
	Cost			Amortization		Book Value as at
	As at 01-07-2016	Additions/ (deletion)	As at 30-06-2017	As at 01-07-2016	For the Year	30-06-2017
Intangible Assets	4,208,839	-	4,208,839	4,073,234	84,786	4,158,020
Jun-17	4,208,839	-	4,208,839	4,073,234	84,786	4,158,020
Jun-16	4,208,839	-	4,208,839	3,976,072	97,162	4,073,234

15.1 Intangible assets include cost incurred on patents, copyrights, trade marks and designs.

15.2 The amortization cost is included in cost of sales.

Note	June 30, 2017 Rupees	June 30, 2016 Rupees
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### 16 LONG TERM LOANS AND ADVANCES - SECURED

Loans and advances - considered good, to:

Executives	5,183,725	5,789,425
Non-Executives	19,994,348	17,701,729
	25,178,073	23,491,154
Less: Amount due within twelve months, shown under current portion of loans and advances	10,308,916	10,033,939
	14,869,157	13,457,215

Reconciliation of carrying amount of loans and advances to executives and non-Executives:

	Opening balance as at July 01, 2016	Disbursements / Transfer	Repayments / Transfer	Closing Balance as at June 30, 2017
Executives	5,789,425	1,504,000	2,109,700	5,183,725
Non-Executives	17,701,729	14,823,154	12,530,535	19,994,348
June 30, 2017	23,491,154	16,327,154	14,640,235	25,178,073
June 30, 2016	14,792,104	18,320,518	9,621,468	23,491,154

These loans and advances have been granted under staff loan and advances policy to facilitate the employees for purchase of house and meeting other household payments. These are secured against the gratuity payable to employees. These are interest free loans which are repayable within fourteen years. The maximum amount of loan outstanding to executive at the end of any month during the year was Rs. 2,960,000 (2016: Rs. 2,970,000). Receivable from executives of the Company does not include any amount receivable from Directors or Chief Executive.

### 17 LONG TERM DEPOSITS

Deposit with Pakistan Steel Mill	400,000	400,000
Utilities and others	1,987,137	1,037,137
	2,387,137	1,437,137

Long term deposits are given in the normal course of business and do not carry any interest or mark-up.

### 18 STORES, SPARES AND LOOSE TOOLS

Stores	2,318,991	2,584,331
Spares	400,800	385,410
Loose tools	8,940	12,450
	2,728,731	2,982,191





## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

	Note	June 30, 2017 Rupees	June 30, 2016 Rupees
<b>19 STOCK-IN-TRADE</b>			
Raw materials and components		353,203,679	306,902,632
Work-in-process		13,548,770	15,490,216
Finished goods		191,425,090	167,986,268
Less:			
Provision for slow moving items	19.1	(4,163,512)	(3,496,191)
Provision for Loss of Stock		(5,889,077)	-
		<u>548,124,950</u>	<u>486,882,925</u>
<b>19.1 Provision for slow moving items</b>			
Balance at the beginning of the year		3,496,191	1,983,760
Charged during the year	26	667,321	1,512,431
Balance at the closing of the year		<u>4,163,512</u>	<u>3,496,191</u>
<b>20 TRADE DEBTS - Unsecured</b>	20.1	<u>72,080,590</u>	<u>92,494,400</u>
<b>20.1 Classification:</b>			
Considered Good		72,080,590	92,494,400
Considered Doubtful		8,099,517	4,640,199
		<u>80,180,107</u>	<u>97,134,599</u>
Less: Provision for impairment in trade debts	20.2	(8,099,517)	(4,640,199)
		<u>72,080,590</u>	<u>92,494,400</u>
<b>20.2 Provision for impairment in trade debts</b>			
Balance at the beginning of the year		4,640,199	6,413,397
Charged during the year		3,459,318	4,640,199
		<u>8,099,517</u>	<u>11,053,596</u>
Written off during the year from provision		-	(1,696,677)
Reversal during the year		-	(4,716,720)
Balance at the closing of the year		<u>8,099,517</u>	<u>4,640,199</u>
<b>21 LOANS &amp; ADVANCES</b>			
Advances - considered good			
- Current portion of loans and advances	16	10,308,916	10,033,939
- To employees for incurring business expenses		382,838	475,088
- To suppliers-unsecured		105,005	7,540,735
		<u>10,796,759</u>	<u>18,049,762</u>
<b>22 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS</b>			
Contract securities		446,900	446,900
Prepaid expenses		962,214	895,455
Letter of credit margin		5,052,638	3,866,962
Letter of credit in process		26,645,564	27,188,229
		<u>33,107,316</u>	<u>32,397,546</u>
<b>23 OTHER RECEIVABLES</b>			
Advance Income tax		88,391,558	116,087,038
Advance Sales tax		35,495,516	-
Others		100,000	2,338,780
		<u>123,987,074</u>	<u>118,425,818</u>



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

	Note	June 30, 2017 Rupees	June 30, 2016 Rupees
<b>24 CASH AND BANK BALANCES</b>			
Cash in hand		161,580	129,054
Balance with banks			
In current accounts - Conventional banking		27,865,668	72,507,695
In current accounts - Islamic banking		39,275,642	94,261,384
		<u>67,302,890</u>	<u>166,898,133</u>
<b>25 SALES - NET</b>			
Gross sales	25.1	4,340,550,823	3,444,552,544
Less: Sales tax		622,951,466	498,710,944
Sales returns		22,131,718	17,805,249
Commission		77,323,146	54,169,810
		<u>722,406,330</u>	<u>570,686,003</u>
		<u>3,618,144,493</u>	<u>2,873,866,541</u>
25.1 This includes Rs. 56.40 million (June 30, 2016: Rs.14.48 million) on account of export sales.			
<b>26 COST OF SALES</b>			
Raw materials and components consumed		2,771,117,862	2,298,915,612
Salaries, wages and other benefits	26.1	262,004,040	195,626,423
Stores, spares and loose tools consumed		46,572,513	32,575,066
Power and fuel charges		60,804,760	43,368,444
Repair and maintenance		91,008,296	62,328,394
Other expenses		6,569,135	6,827,746
Provision for slow moving items	19	667,321	1,512,431
Depreciation	14.2	12,802,373	12,827,503
Amortization	15	84,786	97,162
		<u>3,251,631,086</u>	<u>2,654,078,781</u>
Opening work-in-process		15,490,216	16,984,905
		<u>3,267,121,302</u>	<u>2,671,063,686</u>
Closing work-in-process		13,548,770	15,490,216
Cost of goods manufactured		<u>3,253,572,532</u>	<u>2,655,573,470</u>
Opening finished goods		167,986,268	97,592,914
		<u>3,421,558,800</u>	<u>2,753,166,384</u>
Cost of finished goods purchased during the year		8,529,779	-
		<u>3,430,088,579</u>	<u>2,753,166,384</u>
Closing finished goods		191,425,090	167,986,268
		<u>3,238,663,489</u>	<u>2,585,180,116</u>
26.1 Salaries, wages and other benefits include Rs.14,517,362 (2016: Rs. 14,156,746) in respect of retirement benefits.			
<b>27 DISTRIBUTION COST</b>			
Salaries and other benefits	27.1	14,704,834	13,429,128
Freight and octroi		52,009,124	38,979,469
Traveling & conveyance		2,864,659	2,808,478
Packing material consumed		3,702,031	2,880,817
Advertisement and sale promotion		5,728,741	5,793,094
Insurance		369,533	283,958
Rent, rates and taxes		2,484,803	2,806,236
After sales service		860,104	865,039
Printing & Stationery		745,625	749,989
Depreciation	14.2	443,139	951,148
		<u>83,912,593</u>	<u>69,547,356</u>
27.1 Salaries and other benefits include Rs. 392,699 (2016: Rs.876,165) in respect of retirement benefits.			



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

	Note	June 30, 2017 Rupees	June 30, 2016 Rupees
<b>28 ADMINISTRATIVE EXPENSES</b>			
Salaries and other benefits	28.1	37,283,814	31,958,335
Electricity, gas and water charges		288,352	206,964
Communication expenses		4,955,437	4,035,611
Vehicle running expenses		3,628,377	3,505,986
Legal and professional		1,423,011	2,381,443
Traveling and conveyance		639,306	832,298
Fee and subscription		2,201,631	2,072,960
Insurance		352,036	270,698
Rent, rates and taxes		1,194,861	882,650
Printing and stationery		3,124,637	2,271,602
Entertainment		2,064,227	1,264,848
Office supplies		193,748	269,652
Miscellaneous expenses		1,065,999	941,298
Depreciation	14.2	7,468,630	6,025,081
		<b>65,884,066</b>	<b>56,919,426</b>
28.1 Salaries and other benefits include Rs. 3,800,582 (2016: Rs. 3,632,928 ) in respect of retirement benefits.			
<b>29 OTHER OPERATING EXPENSES</b>			
Auditors' remuneration	29.1	2,050,000	1,399,000
Exchange loss		72,157	14,232
Provision for loss of stock		5,889,077	-
Provision for doubtful debts		3,459,318	-
Contribution towards:			
Workers' profit participation fund	8.2	10,994,813	8,287,790
Workers' welfare fund	8.3	4,238,497	3,065,161
		<b>26,703,862</b>	<b>12,766,183</b>
<b>29.1 Auditors' remuneration</b>			
<b>Viqar A. Khan</b>			
Workers' Profit Participation Fund audit		-	17,000
Tax services		1,290,000	667,000
		<b>1,290,000</b>	<b>684,000</b>
<b>Azim &amp; Company</b>			
Workers' Profit Participation Fund audit		20,000	-
		<b>20,000</b>	<b>-</b>
<b>H.Y.K &amp; Co.</b>			
Statutory audit		575,000	550,000
Half yearly review		150,000	150,000
Certificate fee		15,000	15,000
		<b>740,000</b>	<b>715,000</b>
		<b>2,050,000</b>	<b>1,399,000</b>
<b>30 OTHER INCOME</b>			
<b>Income from non Financial Assets</b>			
Gain on sale of fixed asset		1,089,123	4,077,740
Reversal of Provision for impairment of trade debts		-	76,521
Miscellaneous Income		1,833,709	3,129,744
		<b>2,922,832</b>	<b>7,284,005</b>





## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

	Note	June 30, 2017 Rupees	June 30, 2016 Rupees
<b>31 FINANCE COST</b>			
Mark-up on:			
Short term borrowings - secured - Conventional		-	639,776
Profit on Murabaha - Islamic		481,740	1,002,219
Interest on Workers' Profit Participation Fund		549,208	445,060
Financial charges on finance lease		46,777	212,359
Bank charges, commission and others		711,845	480,255
		<u>1,789,570</u>	<u>2,779,669</u>

### 32 TAXATION

<b>Current</b>			
For the Year	32.1	65,454,307	48,745,424
Prior Year	32.2	(1,182,232)	(1,029,754)
<b>Deferred</b>			
For the Year	32.5	(2,980,271)	(1,427,612)
		<u>61,291,804</u>	<u>46,288,058</u>

**32.1** The rate of tax has decreased from 32% to 31% during the year.

**32.2** This amount relates to adjustment of provision for taxation.

**32.3** The income tax assessments of the company have been finalized up to tax year 2016, except as mentioned in note 13.1. The Provision for taxation is considered adequate to discharge the expected liability for current year.

**32.4** As per section 5A of Income Tax Ordinance, 2001, for tax year 2017 and onwards, a tax shall be imposed at the rate of seven and a half percent of its accounting profit before tax on every public company, other than a scheduled bank or a modaraba, that derives profit for a tax year but does not distribute at least forty percent of its after tax profits within six months of the end of the tax year through cash or bonus shares.

The Board of Directors has declared sufficient dividend out of the profits of the financial year ended June 30, 2017 (Note no.42), which complies with the above stated section. Therefore, no provision for tax has been recognized in these financial statements for the year ended June 30, 2017.

#### **32.5 Tax charge reconciliation**

Profit before taxation	204,113,745	153,957,796
Tax charge on accounting profit at applicable tax rate 31% (32%: 2016) as per Income Tax Ordinance, 2001	63,275,261	49,266,495
Tax effect of amounts that are:		
- not deductible for tax purposes		
- allowable deductions for tax purposes	1,446,896	1,024,630
Tax effect of profit attributable to presumptive income	(2,104,771)	(2,638,077)
Effect of presumptive tax	429,580	171,819
Tax effect due to reversal of prior year's WWF	(24,298)	(20,379)
Tax credit due to investment	(548,633)	(486,677)
Adjustment of prior year taxation	(1,182,232)	(1,029,754)
Taxation for the year	<u>61,291,804</u>	<u>46,288,058</u>



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

		June 30, 2017	June 30, 2016	
		Rupees	Rupees	
33	EARNINGS PER SHARE - BASIC AND DILUTED			
	Note			
	Basic earnings per share			
	Profit after taxation for the year	Rupees	142,821,941	107,669,738
	Weighted average number of ordinary shares outstanding during the year	Number	17,972,368	17,972,368
	Basic earnings per share - Rupees	Rupees	7.95	5.99
33.1	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 June 30, 2017 and June 30, 2016 which would have any effect on earning per share if the option to convert is exercised.			
34	CASH GENERATED FROM OPERATIONS			
	Profit before taxation		204,113,745	153,957,796
	Adjustment for non cash charges and other items:			
	Depreciation		20,714,142	19,803,732
	Amortization		84,786	97,162
	Provision of staff retirement gratuity		18,710,643	18,665,839
	Financial and other charges		1,789,570	2,779,669
	Other income		(2,922,832)	(7,284,005)
			38,376,309	34,062,397
	Working capital changes	34.1	242,490,054	188,020,193
	Increase in long term loans and advances		108,865,334	91,215,367
			(1,411,942)	(3,680,111)
	Cash generated from operations		349,943,446	275,555,449
34.1	Working capital changes			
	(Increase)/decrease in current assets			
	Store, spares and loose tools		253,460	(473,987)
	Stock-in-trade		(61,242,025)	63,583,052
	Trade debts		20,413,810	54,126,159
	Loans and advances		7,253,003	(5,314,895)
	Trade deposits and short term prepayments		(709,770)	(27,030,480)
	Other receivables		2,238,780	(2,324,470)
	Increase in current liabilities			
	Trade and other payables		140,658,076	8,649,988
			108,865,334	91,215,367
35	CASH AND CASH EQUIVALENTS			
	Cash and cash equivalents include:			
	Cash and bank balances	24	67,302,890	166,898,133
			67,302,890	166,898,133

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017**

June 30, 2017	June 30, 2016
Rupees	Rupees

**36. TRANSACTIONS WITH RELATED PARTIES**

The related party transactions are comprise of the remuneration, allowances and benefits paid to Chief Executive and Executive Directors in accordance with terms of thier appointment and meeting attending fee paid to non-executive directors.

The detail is given below;

Remuneration, Allowances and benefits paid to Chief Executive	10,324,355	9,750,000
Remuneration, Allowances and benefits paid to Executive Director (s)	5,975,404	4,375,000
Meeting fee paid to Non-Executive Director (s)	445,000	-

In addition to above, The Chief Executive and executive director (s) of the company are also provided with company maintained car for official and personal use.

**37. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES**

The aggregate amount charged in these financial statements for the year for remuneration, including certain benefits to the Chief Executive, Directors and Other Executives of the Company are as follows:

Particulars	(Rupees)									
	Chief Executive		Executive Directors		Non Executive Directors		Executives		Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Managerial Remuneration	9,739,355	9,360,000	5,712,904	4,200,000	-	-	36,586,960	23,192,520	52,139,219	36,752,520
Bonus & Leave encashment	585,000	390,000	262,500	175,000	-	-	3,640,178	1,868,289	4,487,678	2,433,289
Meeting Fee	-	-	-	-	445,000	-	-	-	445,000	-
Total	10,324,355	9,750,000	5,975,404	4,375,000	445,000	-	40,327,138	25,060,809	57,071,897	39,185,809
Number of persons	1	1	*2	1	6	5	24	13	33	20

The Chief Executive, executive directors and some of the executives of the company are also provided with company maintained car for official and personal use.

\*The remuneration of executive directors for the current financial year includes the remuneration paid to one executive director upto March 18, 2017 and two executive directors from March 27, 2017 to June 30, 2017.

**38. SEGMENT REPORTING**

Management monitors the operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment. Operating segments are reported in a manner consistent with internal reporting provided to the Chief Operating Decision Maker (CODM). Segment performance is generally evaluated based on certain key performance indicators including business volume and gross profit.

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

The management has determined the operating segments and segment wise assets and liabilities based on the reports reviewed by the CODM that are used to make strategic and business decisions.

**i) AUTO-RICKSHAW**

This segment relates to the sale of auto-rickshaw assembled by the company.

**ii) AUTOMOTIVE PARTS**

This segment relates to the sale of automotive parts manufactured by the company.





## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

### iii) HOUSEHOLD APPLIANCES

This segment relates to the sale of household appliances.

	Auto rickshaw		AutoMotive parts		Household appliances			
	2017	2016	2017	2016	2017	2016	2017	2016
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Segment revenue-Net	3,121,312,591	2,531,186,212	493,586,697	334,737,047	3,245,205	7,943,282	3,618,144,493	2,873,866,541
Segment operating results	218,610,000	160,767,511	9,043,686	863,948	(19,341)	(810,815)	227,634,343	160,820,644
Segment assets	922,096,456	614,731,327	255,264,158	241,870,009	23,881,144	18,337,315	1,201,241,758	874,938,651
Unallocated assets	-	-	-	-	-	-	207,200,837	302,740,239
Total assets	-	-	-	-	-	-	1,408,442,596	1,177,678,890
Segment liabilities	567,928,929	410,591,640	53,756,473	14,186,062	-	-	621,685,402	424,777,701
Unallocated liabilities	-	-	-	-	-	-	12,968,888	63,486,430
Total liabilities	-	-	-	-	-	-	634,654,290	488,264,131
Capital expenditure	313,514,721	15,606,632	-	136,307	-	-	313,514,721	15,742,939
Depreciation and amortization	14,877,570	13,702,142	5,910,857	6,180,549	10,501	18,203	-	-
Non-cash charges other than depreciation and amortization	19,844,692	12,999,418	8,863,723	7,087,983	17,943	14,348	-	-

### 39 FINANCIAL INSTRUMENTS

#### 39.1 Concentration of credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties failed completely to perform as contracted. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Note	June 30, 2017	June 30, 2016
		Rupees	Rupees
<b>FINANCIAL ASSETS</b>			
Long term deposits	17	2,387,137	1,437,137
Trade debts	20	72,080,590	92,494,400
Loans and advances	16 & 21	25,665,916	31,506,977
Trade deposits	22	33,107,316	32,397,546
Bank balances	24	67,302,890	166,898,133
		<u>200,543,849</u>	<u>324,734,193</u>

The maximum exposure to credit risk for trade debts on geographical basis:

Pakistan	72,080,590	92,494,400
	<u>72,080,590</u>	<u>92,494,400</u>

The maximum exposure to credit risk for trade debts at the reporting date by type of parties was:

Corporate customers	28,500,173	29,154,373
Distributor	-	-
Dealers & customers	38,124,280	56,855,406
Others	5,456,137	6,484,621
	<u>72,080,590</u>	<u>92,494,400</u>

The aging of trade debts at the reporting date was:

Not past due	8,915,100	29,723,481
Past Due 0-30 days	13,336,730	12,475,137
Past due 31-120 days	8,834,122	11,268,381
Past due more than 120 days	40,994,638	39,027,401
	<u>72,080,590</u>	<u>92,494,400</u>

The trade debts impaired has been disclosed in note 20.2 of these financial statements.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

### 39.2 Foreign exchange risk management

Foreign currency risk arises mainly where payable exist due to transactions with foreign undertakings. Payable exposed to foreign currency risks are identified as either creditors or bills payable. The Company does not view hedging as being financially feasible owing to the excessive costs involved.

### 39.3 Capital Risk Management

The Company's objective when managing capital is to safe guard the company's ability to continue as a going concern so that it can provide returns for shareholders and benefits for other stakeholders; and to maintain a strong capital base to support the sustained development of its business. The company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the company may adjust the amount of dividend paid to shareholders or issue new shares.

### 39.4 Fair value of financial instruments

The carrying value of all the financial instruments i.e. financial assets and liabilities reflected in the financial statements approximate their fair values. Fair value is the amount for which an asset could be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction.

### 39.5 Market Risk

Market risk is the risk that the fair value or the future cash flows of a financial instrument may fluctuate as a result of changes in market prices. Market risk comprises of three types of risk: Currency risk, interest rate risk and price risk.

#### 39.5.1 Currency Risk

Currency risk is the risk that fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The company is exposed to currency risk on import of raw materials and finished goods being denominated in US dollars. The Company's exposure to foreign currency risk for US Dollars is on account of outstanding letter of credits of Rs. 167.30 million (2016: Rs. 90.84 million).

#### 39.5.2 Interest rate Risk

Interest rate risk is the risk that fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Financial liabilities include balance of Rs. 0.056 million (2016: Rs. 0.83 million) which is subject to interest rate risk.

##### Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit and loss. Therefore a change in interest rates at the reporting date would not affect profit and loss account.

##### Cash Flow Sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date, with all other variables remaining constant, the net income for the year would have been lower or higher by Rs. 0.001 million (2016: Rs. 0.008 million).

#### 39.5.3 Price Risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (Other than those arising from interest risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. At present, the company is not exposed to price risk as there are no investments in marketable securities.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

### 39.5.4 Liquidity risk

Liquidity risk reflects an enterprise's inability in raising funds to meet commitments. The company follows an effective cash management planning policy to ensure availability of funds and to take appropriate measures for new requirements.

The following are the contractual maturities of financial liabilities, including estimated interest payments.

	JUNE - 2017						(Rupees)
	Carrying Amount	Contractual Cash Flows	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
Liability under finance lease	56,310	57,894	57,894	-	-	-	-
Trade and other payables	496,168,925	496,168,925	496,168,925	-	-	-	-
Mark-up & profit accrued on loans and other payables	93,421	93,421	93,421	-	-	-	-
Short term borrowing	-	-	-	-	-	-	-
	<b>496,318,656</b>	<b>496,320,240</b>	<b>496,320,240</b>	-	-	-	-

	JUNE - 2016						(Rupees)
	Carrying Amount	Contractual Cash Flows	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
Liability under finance lease	829,766	879,462	612,397	209,181	76,592	-	-
Trade and other payables	320,181,524	320,181,524	320,181,524	-	-	-	-
Mark-up & profit accrued on loans and other payables	5,536	5,536	5,536	-	-	-	-
Short term borrowing	-	-	-	-	-	-	-
	<b>321,016,826</b>	<b>321,066,522</b>	<b>320,799,457</b>	<b>209,181</b>	<b>76,592</b>	-	-

### 40 PLANT CAPACITY AND ACTUAL PRODUCTION

#### Installed Capacity

Auto rickshaw (8 hours single shift basis)

#### Automotive parts

June 30, 2017	June 30, 2016
Numbers	Numbers
20,000	20,000

The capacity of the plant and machinery relating to automotive parts is indeterminable due to the versatility of production.

#### Actual Production

Auto Rickshaw

Automotive Parts

Wheel Rims

21,193	18,010
94,307	65,080

The excess production of Auto-Rickshaw over normal capacity is due to working on over-time schedule to meet the increased demand during the year.

### 41 NUMBER OF EMPLOYEES

Number of permanent employees at the year end

Average number of employees during the year

825	708
789	700

### 42 NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors, at their meeting held on September 25, 2017 has recommended issuance of 20% bonus shares i.e. 20 ordinary shares for every 100 ordinary shares subject to the approval of shareholders in the forthcoming 26th Annual General Meeting of the Company. This is in addition to Interim cash dividend of Rupee 1.25 per share i.e., 12.50% already paid.

These Financial Statements for the year ended June 30, 2017 do not include the effect of the above stated recommendation of bonus shares, which will be accounted for in the financial statements for the year ended June 30, 2018, once it is approved in the forthcoming 26th Annual General Meeting of the Company.





## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

### 43 DATE OF AUTHORIZATION FOR ISSUE:

The Board of Directors of the Company has authorized these financial statements for issue on September 25, 2017.

### 44 CORRESPONDING FIGURES

Corresponding figures are re-arranged, wherever necessary, for the purpose of comparison. However, no such significant re-arrangements have been made in these financial statements.

### 45 GENERAL

The figures have been rounded off to the nearest rupees.

**MIAN ASAD HAMEED**  
CHIEF EXECUTIVE

**SAEED IQBAL KHAN**  
DIRECTOR

**MUHAMMAD ATIF RAO**  
CHIEF FINANCIAL OFFICER



## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that 26<sup>th</sup> Annual General Meeting of **Sazgar Engineering Works Limited** will be held at All Seasons Wedding & Banquet Hall, Lala Zar Commercial Market, Thokar Niaz Baig, Opp Yasir Broast, 0.5 KM-Raiwind Road, Lahore on Thursday, October 26, 2017 at 11:00 A.M. to transact the following businesses:

### ORDINARY BUSINESSES:

1. To receive, consider and adopt the Annual Audited Accounts of the Company for the year ended 30<sup>th</sup> June, 2017 together with the Directors' and Auditors' Reports thereon and Chairperson's Review Report.
2. To appoint Auditors and to fix their remuneration for the year ending June 30, 2018. The present auditors M/s H.Y.K & Co. Chartered Accountants, retire and being eligible, offer themselves for re-appointment. The Audit Committee and the Board of Directors have recommended their re-appointment.

### SPECIAL BUSINESSES:

3. To approve the issuance of bonus shares @ 20% i.e. 20 ordinary shares for every 100 ordinary shares held as recommended by the Board of Directors by capitalizing Free Reserves of Rs. 35,944,740/-.
4. To alter the Articles of Association of the Company in order to allow the members of the Company to appoint either a member or a non-member as Proxy in case of e-voting.

By order of the Board

Lahore  
October 05, 2017

  
**Arshad Mahmood**  
(Company Secretary)

### Notes:

- a. The share transfer books of the company will remain closed from October 20, 2017 to October 26, 2017 (both days inclusive). Transfers received in order at the share registrar office M/s Corp Tec Associates (Pvt.) Ltd., 503-E, Johar Town, Lahore at the close of business on 19<sup>th</sup> October, 2017 will be treated in time for entitlement of bonus shares and to attend the Annual General Meeting.
- b. A member entitled to attend and vote at this meeting may appoint another member as his/her proxy to attend the meeting and vote for his/her behalf. Proxies in order to be effective must be received at the Share Registrar Office duly stamped and signed not less than 48 hours (working days only) before the time of holding of the meeting.

**CDC Account Holders will further have to follow the guidelines as laid down in Circular 1 dated January 26, 2000 issued by Securities and Exchange Commission of Pakistan for attending the meeting and appointment of proxies.**

- c. Members are requested to promptly communicate the change in their addresses, if any, to the Company's share registrar.
- d. In accordance with the provision of section 223 (7) of the Companies Act 2017, the financial statements and reports of the Company for the year ended June 30, 2017 have been placed on the Company's web site [www.sazgarautos.com](http://www.sazgarautos.com) for the information of shareholders.

### e. Consent for Video Conference Facility

Pursuant to the provisions of the Companies Act, 2017, members can avail video conference facility to participate in this Annual General Meeting provided the Company receives consent from the members holding in aggregate 10% or more shareholding, residing in a city, at least seven(7) days prior to the date of meeting. Subject to the fulfillment of the above conditions, members shall be informed of the venue along with complete information necessary to access the facility. Format of request form has been placed on the Company's website.

- f. Pursuant to the Securities and Exchange Commission of Pakistan's notification S.R.O 470(I)/2016 dated 31 May, 2016, the shareholders of the Company in EOGM of the Company held on 18<sup>th</sup> March 2017 had accorded their consent for transmission of annual reports including annual audited accounts, notices of annual general meetings and other information contained therein of the Company through CD or DVD or USB instead of transmitting the same in hard copies. The shareholders who wish to receive hard copy of the aforesaid documents may send to the Company Secretary / Share Registrar, the Standard Request Form available on the website of the Company and the Company will supply hard copies of the aforesaid document to the shareholders on demand, free of cost, within one week of such demand. The shareholders who intend to receive the annual report including the notice of meeting through e-mail are requested to provide their written consent on the Standard Request Form available on the Company's website.

### g. Tax on Bonus Shares

As per Section 236 M of the Income Tax Ordinance, 2001, the Company will be required to withhold five percent (5%) of the Bonus Shares issued to every Member. The Bonus Shares withheld will only be issued to a Member if the Company collects from such Member





tax equal to five percent (5) of the value of Bonus Shares issued to such Member, including the Bonus Shares withheld, determined on the basis of day-end price on the first day of closure of book. The said tax will be required to collect by the Company within fifteen (15) days of the first day of closure of book. If a Member fails to make the payment of such tax, within fifteen (15) days or the Company fails to collect the said tax within fifteen (15) days, the Company shall deposit the Bonus Shares withheld in the Central Depository Company of Pakistan (CDC) or any other entity as may be prescribed. Bonus Shares deposited in CDC or other entity shall be disposed off in the mode and manner as may be prescribed and the proceeds thereof shall be paid to the Commissioner Inland Revenue by way of credit to the Federal Government.

The letters for collection of tax amount on Bonus Shares will be dispatched to all entitled shareholders within due course of time.

## STATEMENT UNDER SECTION 134(3) OF THE COMPANIES ACT, 2017 SETTING OUT THE MATERIAL FACTS PERTAINING TO THE SPECIAL BUSINESSES:

This statement sets out the material facts pertaining to the special businesses to be transacted at the Annual General Meeting of the Company to be held on Thursday, October 26, 2017.

### ITEM NO. 3 OF THE AGENDA

The Board of Directors had already declared and paid an interim cash dividend @12.50% i.e. Rs. 1.25 per share, however, keeping in view the cash requirements for the business expansion, the Board of Directors of the Company has recommended issuance of 20% bonus shares from the Company's Free Reserves by capitalization of a sum of Rs. 35,944,740/- for the issuance of 3,594,474 fully paid bonus shares. For this purpose following resolutions are proposed to be passed as ordinary resolutions with or without any modification, addition or deletion:

- (i) *"Resolved that a sum of Rs. 35,944,740/- out of the Company's Free Reserves be capitalized and applied for the issue of 3,594,474 fully paid ordinary shares of Rs. 10/- each as bonus shares and be allotted to those shareholders whose names appear in the register of members at the close of the business on October 19, 2017 in the proportion of twenty (20) ordinary shares for every hundred (100) ordinary shares held by a member. These bonus shares shall rank pari passu in all respects with the existing shares of the Company."*
- (ii) *"Further resolved that all the fractional Bonus Shares shall be consolidated into whole shares and shall be sold in the Stock Market. The proceeds of sale of consolidated fractional shares when realized shall be paid to a charitable institution approved under the Income Tax Ordinance, 2001."*
- (iii) *"Further resolved that directors and company secretary be and are hereby authorized singly to complete all corporate and legal formalities that may be necessary or required to give effect to these resolutions for the issue, allotment and distribution of bonus shares."*

The Directors of the Company have no interest directly or indirectly in this Special Business except to the extent of their entitlement to bonus shares as shareholders of the Company.

### ITEM NO. 4 OF THE AGENDA

The Securities and Exchange Commission of Pakistan has issued the Companies (E-Voting) Regulation, 2016 vide SRO No. 43(I)/2016 dated 22<sup>nd</sup> January, 2016 amended from time to time, for voting in general meetings through electronic means. In order to comply with requirements of these regulations, the Company is required to make necessary alteration in Articles of Association of the Company for allowing the members to appoint both members and non-members as proxy in case of E-Voting. For this purpose following resolutions are proposed to be passed as special resolutions with or without any modification, addition or deletion:

- (i) *"Resolved that the existing Clause 41 of the Articles of Association of the Company be and is hereby replaced with the following clause:*  
  
*41. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing. A proxy must be a member of the Company. However, in case of E-Voting both members and non-members can be appointed as proxy."*
- (ii) *"Further resolved that the Directors and Company Secretary of the Company be and are hereby authorized singly to complete all corporate and legal formalities that may be necessary or required to give legal effect to these resolutions for making alteration in Articles of Association of the Company."*

The Directors of the Company have no interest directly or indirectly in this Special Business except to the extent that they are shareholders of the Company.

A comparative statement of existing and proposed 41 Clause of Articles of Association of the Company is given below:

### COMPARATIVE STATEMENT OF EXISTING AND PROPOSED/ REPLACED CLAUSE OF ARTICLES OF ASSOCIATION

EXISTING CLAUSE	PROPOSED CLAUSE
41. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing. A proxy must be member of the Company.	41. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing. A proxy must be a member of the Company. However, in case of E-Voting both members and non-members can be appointed as proxy.

Amended copy of Articles of Association of the Company is available at the Company's registered office for the inspection of members during working hours (10:00-13:00hrs) up to the date of Annual General Meeting.





## تشکیل نیابت داری

میں / ہم

ساکن

بحیثیت رکن (ممبر) سازگار انجینئرنگ ورکس لمیٹڈ

مقرر کرتا / کرتی ہوں / کرتے ہیں مسی / مسماة

ساکن

کو یا ان کی غیر حاضری میں مسی / مسماة

ساکن

جو کہ خود بھی سازگار انجینئرنگ ورکس لمیٹڈ کا 16 کے رکن ہے کہ وہ بطور میرا 1 ہمارا اختیار نامہ سازگار انجینئرنگ ورکس لمیٹڈ کے چھ بیسواں سالانہ اجلاس عام میں جو بروز جمعرات ۲۶ اکتوبر ۲۰۱۷ صبح 11:00 بجے آل سیزن اینڈ بینکٹ ہال لالہ زار کمرشل مارکیٹ ٹھوکر چوک برکس یا سبروسٹ رائیونڈ روڈ لاہور میں منعقد ہو رہا ہے۔ یا اسکے ملوثی شدہ اجلاس میں شرکت کرے اور وہ میری / ہماری جگہ میری / ہماری طرف سے حق رائے دہی استعمال کرے۔

مورخہ ۲۰۱۷ کو میرے / ہمارے دستخط سے جاری ہو۔

پانچ روپے کی رسیدی ٹکٹ پر دستخط

فولیو نمبر	سی ڈی ای شرکت کنندہ I.D نمبر	سی ڈی ای / ذیلی کھاتہ نمبر	حصص کی تعداد

گواہ نمبر ۱	گواہ نمبر ۲
دستخط	دستخط
نام	نام
کمپیوٹرائزڈ قومی شناختی کارڈ نمبر	کمپیوٹرائزڈ قومی شناختی کارڈ نمبر
پتہ	پتہ

## نوٹ

1. پراسی کے لئے کچنی کارکن ہونا ضروری ہے۔
2. دستخط کی ممانعت کچنی میں رجسٹرڈ نمونہ دستخط کے ساتھ ہونا ضروری ہے۔
3. اگر پراسی ای رکن کی طرف جاری کی گئی ہے جس کے اکی کے حصص مندرجہ ذیل پانچویں کچنی آف پاکستان لمیٹڈ میں جمع ہیں۔ تو پراسی کے ہمراہ نمبر کا I.D نمبر اور CDC اکاؤنٹ / ذیلی اکاؤنٹ نمبر بشمول تصدیق شدہ کمپیوٹرائزڈ شناختی کارڈ یا مالک اتفاق کے پاسپورٹ کی فوٹو کاپی لانا لازمی ہے۔ کارپور۔ ارکان کے نمائندہ ارکان اس مقصد کیلئے ورکار سٹاویز اسات ساتھ لے کر آئیں۔
4. پراسی اجلاس کے وقت اپنا اصل کمپیوٹرائزڈ شناختی کارڈ یا اصل پاسپورٹ منہا کرے گا 1 گی۔
5. مناسب طور پر مکمل شدہ پراسی کے دستاویز اجلاس سے کم از کم 48 گھنٹے قبل کچنی کے شیئر رجسٹرار آفس کو موصول ہو جانا چاہیے۔



## FORM OF PROXY

I / We \_\_\_\_\_  
 of \_\_\_\_\_  
 a member of **SAZGAR ENGINEERING WORKS LIMITED**  
 hereby appoint Mr. / Mrs. / Ms. \_\_\_\_\_  
 of \_\_\_\_\_  
 or failing him Mr. / Mrs. / Ms. \_\_\_\_\_  
 of \_\_\_\_\_

Who is / are also member/s of **Sazgar Engineering Works Limited** to act as my / our proxy and to vote for me/us and on my/our behalf at the 26th Annual General Meeting of the shareholders of the Company to be held on Thursday October 26, 2017 at 11:00 A.M. at All Season & Banquet Hall, Lala Zar Commercial Market, Thokar Chowk, Opp Yasir Broast, Raiwind Road, Lahore and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2017

Folio No.	CDC Participant ID No.	CDC Account/ Sub-Account No.	No. of shares held	Signature over Revenue Stamp of Rupees 5/-

Witness 1

Witness 2

Signature \_\_\_\_\_  
 Name \_\_\_\_\_  
 CNIC No. \_\_\_\_\_  
 Address \_\_\_\_\_

Signature \_\_\_\_\_  
 Name \_\_\_\_\_  
 CNIC No. \_\_\_\_\_  
 Address \_\_\_\_\_

- Notes:**
1. The proxy must be a member of the Company.
  2. The signature must tally with the specimen signature/s registered with the Company.
  3. If a proxy is granted by a member who has deposited his/her shares in Central Depository Company of Pakistan Limited, the proxy must be accompanied with participant's ID number and CDC account/sub-account number alongwith attested photocopies of Computerized National Identity Card or the Passport of the beneficial owner. Representatives of corporate members should bring the documents required for such purpose.
  4. The proxy shall produce his / her original (CNIC) or original passport at the time of the meeting.
  5. The instrument of Proxy properly completed should be deposited at the Share Registrar Office of the Company not less than 48 hours before the time of holding the meeting.



To All Members of the Company

Dated: 28-03-2017

**SUBJECT: INFORMATION UNDER SECTION 218 OF THE COMPANIES ORDINANCE, 1984 REGARDING RE-APPOINTMENT OF CHIEF EXECUTIVE OF THE COMPANY**

Dear Sir/Madam,

In accordance with the provisions of section 218 of the Companies Ordinance, 1984, it is hereby informed to all the members of the Company that the Board of Directors of the Company in their meeting held on March 27, 2017 has re-appointed Mr. Mian Asad Hameed as the Chief Executive of the Company for the period commencing from March 27, 2017 and ending on March 20, 2020. The terms of his appointment are given below:

**Name of Chief Executive:** Mr. Mian Asad Hameed

**Remuneration:** During the tenure of appointment, the Chief Executive will be entitled for a managerial remuneration of Rupees 0.900 million per month in addition to other benefits and perquisites for which he is entitled as Chief Executive of the Company as per Company's Rules including free use of Company maintained vehicle for official and private purposes, re-imbursement of actual medical expenses for self and his spouse and payment of bonuses approved by the Board of Directors from time to time. This remuneration will be further increased @ 10% per annum during the tenure of appointment and will be subject to such adjustments and entitlements as may be granted at any time and from time to time by the Board of Directors of the Company and / or in accordance with the Company's policies and rules for the time being in force.

**Tenure of appointment:** For the period commencing from March 27, 2017 and ending on March 20, 2020

**Interest of Directors:** The directors of the Company have no interest directly or indirectly in this appointment except that Mr. Mian Asad Hameed is interested in his appointment as Chief Executive of the Company up to the extent of his directorship and payment of remuneration and other benefits & perquisites associated with this position.

Mrs. Saira Asad Hameed is interested as a spouse of Mr. Mian Asad Hameed and her directorship in the Company.

Being interested, both directors set aside themselves from the proceedings of the meeting and did not participate in voting to decide the matter.

Yours faithfully,

**Arshad Mahmood**  
(Company Secretary)





To All Members of the Company

Dated: 28-03-2017

**SUBJECT: INFORMATION UNDER SECTION 218 OF THE COMPANIES ORDINANCE, 1984 REGARDING HOLDING OF OFFICE OF PROFIT BY MR. SAEED IQBAL KHAN AS AN EXECUTIVE DIRECTOR OF THE COMPANY**

Dear Sir/Madam,

In accordance with the provisions of section 218 of the Companies Ordinance, 1984, it is hereby informed to all the members of the Company that the Board of Directors of the Company in their meeting held on March 27, 2017 has appointed Mr. Saeed Iqbal Khan as an Executive Director of the Company for the period commencing from March 27, 2017 and ending on March 20, 2020. The members of the Company in their Extra Ordinary General Meeting held on March 18, 2017, have duly sanctioned the holding of office of profit under the Company by Mr. Saeed Iqbal Khan as an Executive Director. The terms of his appointment are given below:

**Name of Executive Director:** Mr. Saeed Iqbal Khan

**Remuneration:**

During the tenure of appointment, the Executive Director Mr. Saeed Iqbal Khan will be entitled for a managerial remuneration of Rupees 0.600 million per month in addition to other benefits and perquisites for which he is entitled as Executive Director of the Company as per Company's Rules including free use of Company maintained vehicle for official and private purposes, re-imbursement of actual medical expenses for self and his spouse and payment of bonuses approved by the Board of Directors from time to time. This remuneration will be further increased @ 10% per annum during the tenure of appointment and will be subject to such adjustments and entitlements as may be granted at any time and from time to time by the Board of Directors of the Company and / or in accordance with the Company's policies and rules for the time being in force.

**Tenure of appointment:**

For the period commencing from March 27, 2017 and ending on March 20, 2020

**Interest of Directors:**

The directors of the Company have no interest directly or indirectly in this appointment except that Mr. Saeed Iqbal Khan who is interested in his appointment as an Executive Director of the Company up to the extent of his directorship and payment of remuneration and other benefits & perquisites associated with this position.

Being interested, Mr. Saeed Iqbal Khan set aside himself from the proceedings of the meeting and did not participate in voting to decide the matter.

Yours faithfully,

**Arshad Mahmood**  
(Company Secretary)



To All Members of the Company

Dated: 28-03-2017

**SUBJECT: INFORMATION UNDER SECTION 218 OF THE COMPANIES ORDINANCE, 1984 REGARDING HOLDING OF OFFICE OF PROFIT BY MR. MIAN MUHAMMAD ALI HAMEED AS AN EXECUTIVE DIRECTOR OF THE COMPANY**

Dear Sir/Madam,

In accordance with the provisions of section 218 of the Companies Ordinance, 1984, it is hereby informed to all the members of the Company that the Board of Directors of the Company in their meeting held on March 27, 2017 has appointed Mr. Mian Muhammad Ali Hameed as an Executive Director of the Company for the period commencing from March 27, 2017 and ending on March 20, 2020. The members of the Company in their Extra Ordinary General Meeting held on March 18, 2017, have duly sanctioned the holding of office of profit under the Company by Mr. Mian Muhammad Ali Hameed as an Executive Director. The terms of his appointment are given below:

**Name of Executive Director:** Mr. Mian Muhammad Ali Hameed

**Remuneration:** During the tenure of appointment, the Executive Director Mr. Mian Muhammad Ali Hameed will be entitled for a managerial remuneration of Rupees 0.250 million per month in addition to other benefits and perquisites for which he is entitled as Executive Director of the Company as per Company's Rules including free use of Company maintained vehicle for official and private purposes, re-imbursement of actual medical expenses for self and his spouse and payment of bonuses approved by the Board of Directors from time to time. This remuneration will be further increased @ 10% per annum during the tenure of appointment and will be subject to such adjustments and entitlements as may be granted at any time and from time to time by the Board of Directors of the Company and / or in accordance with the Company's policies and rules for the time being in force.

**Tenure of appointment:** For the period commencing from March 27, 2017 and ending on March 20, 2020

**Interest of Directors:** The directors of the Company have no interest directly or indirectly in this appointment except that Mr. Mian Muhammad Ali Hameed who is interested in his appointment as an Executive Director of the Company up to the extent of his directorship and payment of remuneration and other benefits & perquisites associated with this position.

Being interested, Mr. Mian Muhammad Ali Hameed set aside himself from the proceedings of the meeting and did not participate in voting to decide the matter.

Yours faithfully,

**Arshad Mahmood**  
(Company Secretary)

## **Sazgar Engineering Works Limited**

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