



Dynamic,
Quality Conscious &
Ever Progressive

QUARTERLY ACCOUNTS
(Un-Audited)
September 30, 2014

Sazgar Engineering Works Limited

SAZGAR ENGINEERING WORKS LIMITED



CONTENTS

Vision, Mission and Corporate Strategy	1
Company Information	2
Directors' Review	3
Condensed Interim Balance Sheet	4
Condensed Interim Profit and Loss Account	6
Condensed Interim Statement of Comprehensive Income	7
Condensed Interim Cash Flow Statement	8
Condensed Interim Statement of Changes in Equity	9
Notes to the Condensed Interim Financial Statements	10

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 services; 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.

SAZGAR ENGINEERING WORKS LIMITED

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
Non-Executive Director

Mr. Mian Zafar Hameed
Non-Executive Director

Mrs. Amina Humza Wazir
Non-Executive Director

Mr. Muhammad Suleyman Khan
Independent Director

COMPANY SECRETARY

Mr. Arshad Mahmood - FCA

REGISTERED OFFICE

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

SHARE REGISTRAR

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

FACTORY

18-KM, Raiwind Road, Lahore.

AUDIT COMMITTEE

Mr. Mian Muhammad Ali Hameed
Chairman

Mr. Mian Zafar Hameed
Member

Mr. Muhammad Suleyman Khan
Member

Mr. Arshad Mahmood
Secretary

HUMAN RESOURCE & REMUNERATION COMMITTEE

Mr. Muhammad Suleyman Khan
Chairman

Mr. Saeed Iqbal Khan
Member

Mrs. Amina Humza Wazir
Member

Mr. Arshad Mahmood
Secretary

AUDITORS

Kabani & Company
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
Meezan Bank Limited

SAZGAR ENGINEERING WORKS LIMITED

DIRECTORS' REVIEW

The directors of your Company are pleased to present their review on the affairs of the Company for the first quarter ended September 30, 2014.

Financial Results:

By the Grace of Almighty Allah, the financial results of your company for the period under review are showing improvement in sale and profitability. The sale volumes of Auto Rickshaw and Automotive parts are showing rising trend compared with corresponding period of last year.

During this quarter, the Company's net sale has increased by 22.57% from Rs. 435.66 M to Rs. 534.01M, gross profit by 19.75% from Rs.42.02M to Rs. 50.31M and pretax profit by15.73% from Rs. 17.05M to Rs. 19.73M and earnings per share from Rs. 0.61 to Rs. 0.74 as compared to the corresponding period of last financial year.

The Company produced 3,187 units of Auto Rickshaws during this period compared with 3,176 units of auto rickshaw produced during corresponding period of last year.

The reduction in sales tax rate from 16% to 10% has shown positive effect on sale of tractors which has increased the requirement of tractor wheel rims during this quarter. The company produced 16,072 tractor wheel rims during the current period compared with 6,532 wheel rims of corresponding period of last year.

Future Outlook:

It is hoped that the political uncertainty will resolve soon in the best interest of the country. The Government will continue its efforts for the maintenance of law & order situation and minimization of load-shedding. Your company expects a growing trend in business volume in the period to come.

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

For and on behalf of the Board

Lahore

Dated: 23-10-2014



Mian Asad Hameed
(Chief Executive)

SAZGAR ENGINEERING WORKS LIMITED
CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)
AS AT SEPTEMBER 30, 2014

	Note	September 30, 2014 Rupees	June 30, 2014 Rupees
EQUITY AND LIABILITIES			
EQUITY			
Authorized share capital			
50,000,000 (June 2014: 50,000,000)			
ordinary shares of Rupees 10 each		500,000,000	500,000,000
Issued, subscribed and paid-up share capital	4	179,723,680	179,723,680
Revenue reserve - Un-appropriated Profit		415,872,418	402,542,633
		595,596,098	582,266,313
LIABILITIES			
NON CURRENT LIABILITIES			
Liabilities against assets subject to finance lease		2,234,558	2,406,940
Deferred Liabilities		95,542,860	92,081,937
CURRENT LIABILITIES			
Trade and other payables		342,963,808	258,100,792
Mark-up & Profit accrued on loans and other payables		1,013,563	467,791
Short term borrowings		9,145,497	3,857,920
Current portion of long term liabilities		5,179,330	5,434,739
Provision for Taxation		34,392,125	27,761,891
		392,694,323	295,623,133
CONTINGENCIES AND COMMITMENTS	5	-	-
TOTAL EQUITY AND LIABILITIES		1,086,067,838	972,378,323

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


MIAN ASAD HAMEED
CHIEF EXECUTIVE


SAEED IQBAL KHAN
DIRECTOR

SAZGAR ENGINEERING WORKS LIMITED
CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)
AS AT SEPTEMBER 30, 2014

	Note	September 30, 2014 RUPEES	June 30, 2014 RUPEES
ASSETS			
NON CURRENT ASSETS			
Property, Plant and Equipment	6	258,143,872	258,822,407
Intangible Assets	7	391,773	448,976
LONG TERM LOANS AND ADVANCES		10,063,648	6,833,385
LONG TERM DEPOSITS		1,657,137	1,657,137
CURRENT ASSETS			
Stores, spares and loose tools		3,754,483	3,946,503
Stock-in-trade		520,251,384	473,780,687
Trade debts		135,624,732	104,171,225
Loans & Advances		16,058,725	15,619,196
Trade Deposits and short term prepayments		37,050,860	22,638,031
Other Receivables		64,572,105	52,669,093
Cash and bank balances		38,499,118	31,791,683
		815,811,407	704,616,418
TOTAL ASSETS		1,086,067,838	972,378,323

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


MIAN ASAD HAMEED
CHIEF EXECUTIVE


SAEED IQBAL KHAN
DIRECTOR

SAZGAR ENGINEERING WORKS LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2014

	Note	First Quarter Ended	
		September 30, 2014 Rupees	September 30, 2013 Rupees
SALES - Net	8	534,011,960	435,663,722
COST OF SALES	9	483,697,356	393,648,224
GROSS PROFIT		50,314,604	42,015,498
DISTRIBUTION COST		14,284,566	10,401,783
ADMINISTRATIVE EXPENSES		13,380,964	12,542,054
OTHER OPERATING EXPENSES		1,613,702	1,282,402
		29,279,232	24,226,239
		21,035,372	17,789,258
OTHER INCOME		966,015	494,610
OPERATING PROFIT BEFORE FINANCE COST		22,001,387	18,283,868
FINANCE COST		2,269,076	1,233,557
PROFIT BEFORE TAXATION		19,732,312	17,050,312
TAXATION	10	6,402,527	6,162,186
PROFIT AFTER TAXATION		13,329,785	10,888,126
EARNINGS PER SHARE - BASIC AND DILUTED	11	0.74	0.61

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


MIAN ASAD HAMEED
CHIEF EXECUTIVE


SAEED IQBAL KHAN
DIRECTOR

SAZGAR ENGINEERING WORKS LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2014

First Quarter Ended	
September 30, 2014 Rupees	September 30, 2013 Rupees

PROFIT AFTER TAXATION FOR THE PERIOD	13,329,785	10,888,126
OTHER COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD		
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>13,329,785</u>	<u>10,888,126</u>

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


MIAN ASAD HAMEED
CHIEF EXECUTIVE


SAEED IQBAL KHAN
DIRECTOR

SAZGAR ENGINEERING WORKS LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT(UN-AUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2014

	First Quarter Ended	
	September 30, 2014 Rupees	September 30, 2013 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	19,732,312	17,050,312
Adjustment for non cash charges and other items:		
Depreciation	4,939,621	4,885,767
Amortization	57,203	55,198
Provision for gratuity	4,271,620	3,478,113
Financial and other charges	2,269,076	1,233,557
Other Income	(966,015)	494,610
	<u>10,571,505</u>	<u>10,147,245</u>
	30,303,816	27,197,557
Working capital changes		
(Increase)/Decrease in current assets		
Store, spares and loose tools	192,020	(519,561)
Stock-in-trade	(46,470,696)	(77,348,232)
Trade debts	(31,453,507)	(1,517,939)
Loans & Advances	(439,529)	(4,205,329)
Trade Deposits and short term prepayments	(14,412,829)	(631,622)
Increase/(Decrease) in current liabilities		
Trade and other payables	84,818,490	2,719,805
Increase in Long term loans and advances	(3,230,263)	(648,834)
	<u>(10,996,314)</u>	<u>(82,151,714)</u>
Cash generated from / (used in) operations	19,307,502	(54,954,158)
Financial costs paid	(1,723,304)	(1,369,068)
Income tax paid/deducted at source	(11,479,188)	(9,133,972)
Employees retirement benefit - Gratuity paid	(582,990)	(1,268,660)
	<u>5,522,021</u>	<u>(66,725,858)</u>
Net cash generated from / (used in) operating activities		
CASH FLOW FROM INVESTING ACTIVITIES		
Property, Plant and Equipment Purchased	(3,335,369)	(13,674,554)
Proceeds from sale of Property, Plant and Equipment	720,000	4,000
Net cash used in investing activities	<u>(2,615,369)</u>	<u>(13,670,554)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds of short term borrowings	14,011,023	94,294,123
Repayment of short term borrowings	(8,723,449)	(91,892,737)
Repayment of finance lease	(1,486,791)	(1,658,820)
Net cash generated from financing activities	<u>3,800,783</u>	<u>742,566</u>
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	6,707,435	(79,653,846)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	31,791,683	127,543,489
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>38,499,118</u>	<u>47,889,645</u>

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


MIAN ASAD HAMEED
CHIEF EXECUTIVE


SAEED IQBAL KHAN
DIRECTOR

SAZGAR ENGINEERING WORKS LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY(UN-AUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2014

	Share Capital Rupees	Un-appropriated Profit Rupees	Total Rupees
Balance as at June 30, 2013	179,723,680	377,922,599	557,646,279
Total Comprehensive Income for the quarter ended September 30, 2013	-	10,888,126	10,888,126
Balance as at September 30, 2013	179,723,680	388,810,725	568,534,405
Balance as at June 30, 2014	179,723,680	402,542,633	582,266,313
Total Comprehensive Income for the quarter ended September 30, 2014	-	13,329,785	13,329,785
Balance as at September 30, 2014	179,723,680	415,872,418	595,596,098

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


MIAN ASAD HAMEED
CHIEF EXECUTIVE


SAEED IQBAL KHAN
DIRECTOR

SAZGAR ENGINEERING WORKS LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2014

1 LEGAL STATUS AND OPERATIONS

The Company 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 all the Stock Exchanges of Pakistan. 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

These condensed interim financial statements (un-audited) of the Company for the first quarter ended September 30, 2014 have been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 - 'Interim Financial Reporting' and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed and are being submitted to the shareholders as required by section 245 of the Companies Ordinance 1984.

These condensed interim financial statements do not include all the information and disclosures as required in the annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended June 30, 2014.

3 STATEMENT OF CONSISTENCY IN ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the previous financial year ended June 30, 2014.

4 ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

SEP 30, 2014 Number	June 30, 2014 Number		SEP 30, 2014 Rupees	June 30, 2014 Rupees
7,163,000	7,163,000	ordinary shares of Rupees 10/- each fully paid up 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
<u>17,972,368</u>	<u>17,972,368</u>		<u>179,723,680</u>	<u>179,723,680</u>

5 CONTINGENCIES AND COMMITMENTS

5.1 Contingencies

There is no significant change in contingencies from the preceding annual published financial statement of the company for the year ended June 30, 2014.

5.2 Commitments

Commitments in respect of:

		SEP 2014 Rupees	JUNE 2014 Rupees	SEP 2014 Rupees	JUNE 2014 Rupees
LIMIT Nos.	PARTICULARS	LIMITS AVAILABLE		LIMITS UTILIZED	
	Not later Than one year				
1	Foreign LC Sight / Inland LC-Gross	370,000,000	370,000,000	163,620,305	95,155,552
2	FATR- Sublimit of limit No. 1	88,000,000	88,000,000	9,145,497	3,857,920
3	Murabaha Sublimit of limit no-2	40,000,000	40,000,000	31,724,018	13,383,884
4	Murabaha Sublimit of limit no-1	40,000,000	40,000,000	5,885,958	-
5	Guarantee	8,040,000	8,040,000	-	-

SAZGAR ENGINEERING WORKS LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2014

	Note	SEP 30, 2014 Rupees	June 30, 2014 Rupees
6	PROPERTY, PLANT AND EQUIPMENT		
	Operating fixed assets	6.1 248,469,687	250,089,438
	Capital work in progress	8,615,185	8,732,969
	Advance for assets subject to finance lease	1,059,000	-
		<u>258,143,872</u>	<u>258,822,407</u>

6.1 OPERATING FIXED ASSETS- Tangible

Opening book value	250,089,438	235,207,254
Add:		
Additions during the period (at cost)		
- Building and Civil Works on Freehold Land	-	2,035,956
- Plant and machinery	1,904,146	19,931,660
- Furniture and fixture	-	26,600
- Office equipments	-	168,683
- Electric installations	-	203,948
- Vehicles	1,549,000	14,502,554
	<u>3,453,146</u>	<u>36,869,401</u>
Less:		
Disposal during the period (at net book value)		
- Electric installations	-	27,439
- Vehicles	133,276	1,136,988
Depreciation charged during the period	<u>4,939,621</u>	<u>20,822,789</u>
	5,072,897	21,987,216
Closing book value	<u>248,469,687</u>	<u>250,089,438</u>

7 INTANGIBLE ASSETS

Opening book value	448,976	606,229
Add: additions during the period	-	65,500
	<u>448,976</u>	<u>671,729</u>
Less: amortization charged during the period	57,203	222,753
Closing book value	<u>391,773</u>	<u>448,976</u>

8 SALES- NET

	SEP 30, 2014 Rupees	SEP 30, 2013 Rupees
Gross sales	638,415,617	524,669,537
Less: Sales tax	96,309,979	79,645,549
Sales returns	1,150,961	614,424
Commission	6,942,717	8,745,842
	<u>104,403,657</u>	<u>89,005,815</u>
	<u>534,011,960</u>	<u>435,663,722</u>

SAZGAR ENGINEERING WORKS LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2014

	Note	SEP 30, 2014 Rupees	SEP 30, 2013 Rupees
9 COST OF SALES			
Raw materials and components consumed		418,600,194	374,586,373
Salaries, wages and other benefits		42,915,229	34,527,233
Stores, spares and loose tools consumed		5,660,652	6,892,730
Power and fuel charges		11,355,105	12,411,433
Repair and maintenance		8,533,326	5,783,497
Other expenses		1,184,199	1,322,465
Depreciation & Amortization		3,411,635	3,424,402
		<u>491,660,340</u>	<u>438,948,133</u>
Opening work-in-process		16,685,065	7,897,939
Closing work-in-process		(11,231,830)	(15,465,902)
Cost of goods manufactured		<u>497,113,575</u>	<u>431,380,170</u>
Opening finished goods		134,163,414	91,927,686
Closing finished goods		<u>(147,579,633)</u>	<u>(129,659,632)</u>
		<u>483,697,356</u>	<u>393,648,224</u>
10 TAXATION			
Current			
For the period	10.1	6,630,234	5,945,639
Deferred			
For the period		(227,707)	216,547
		<u>6,402,527</u>	<u>6,162,186</u>
10.1	The rate of tax has decreased from 34% to 33% during the period.		
11 EARNINGS PER SHARE- BASIC AND DILUTED			
Basic Earnings Per Share			
Profit after taxation for the period	Rupees	<u>13,329,785</u>	<u>10,888,126</u>
Weighted average number of ordinary shares outstanding during the period - Note 4	Number	<u>17,972,368</u>	<u>17,972,368</u>
Basic earnings per share	Rupees	<u>0.74</u>	<u>0.61</u>
11.1 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 September 30, 2014 and September 30, 2013, which would have any effect on earning per share if the option to convert is exercised.			
12 TRANSACTIONS WITH RELATED PARTIES			
Remuneration, Allowances and benefits paid to Chief Executive and Executive Director(s)		<u>3,955,000</u>	<u>3,600,000</u>
13 SEGMENT RESULTS			
Segment Revenue - Net			
Home appliances		244,961	27,796
Auto parts		89,839,289	38,835,134
Auto rickshaw		443,927,710	396,800,792
Total		<u>534,011,960</u>	<u>435,663,722</u>
Segment operating results			
Home appliances		(92,156)	(196,434)
Auto parts		(1,406,218)	(2,959,766)
Auto rickshaw		24,147,449	22,227,861
Total		<u>22,649,075</u>	<u>19,071,661</u>

SAZGAR ENGINEERING WORKS LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2014

14 DATE OF AUTHORIZATION FOR ISSUE

The Board of Directors of the Company has authorized these condensed interim financial statements for issue on October 23, 2014.

15 GENERAL

The figures have been rounded off to the nearest Rupee.


MIAN ASAD HAMEED
CHIEF EXECUTIVE


SAEED IQBAL KHAN
DIRECTOR

Book Post

Under Postal Certificate

Sazgar Engineering Works Limited

REGISTERED OFFICE: 88 Ali Town, Thokar Niaz Baig, Raiwind Road, Lahore.
Tel: 042-35312125-27, Fax: 042-35312128

FACTORY: 18-Km, Raiwind Road, Lahore. Tel: 042-35330300-3, Fax: 042-35330329
sazgar@brain.net.pk www.sazgar.com.pk www.sazgarautos.com