



ANNUAL
Report
2018



Sazgar Engineering Works Limited

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ



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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. Muhamad Atif Rao

REGISTERED OFFICE

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

SHARE REGISTRAR

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

FACTORY

18-KM Raiwind Road, Lahore.

AUDIT COMMITTEE

Mr. Ahsan Ejaz
Chairman

Mr. Anwar Ali
Member

Mrs. Sana Suleyman
Member

Mr. Arshad Mahmood
Secretary

HUMAN RESOURCE & REMUNERATION COMMITTEE

Mr. Anwar Ali
Chairman

Mr. Saeed Iqbal Khan
Member

Mr. Humza Amjad Wazir
Member

Mr. Arshad Mahmood
Secretary

AUDITORS

H.Y.K & Co.
Chartered Accountants

BANKERS

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



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 and overall results are satisfactory. The Company has not only achieved highest sales volume of Rupees 3.968 billion but also commenced expansion of business by setting up of a new project for the manufacturing/ assembly of four wheeler vehicles.

The 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 Board exercised all its powers in deciding the significant matters; five (5) Board meetings were held during the year in timely manner and sufficient time was spent by the Board to decide the matters. The directors actively participated in the process of decision making and provided their valuable contribution. Board committees have functioned in accordance with their terms of reference diligently.

The Board ensures that the vision, mission and overall corporate strategy of the Company has been prepared and adopted and adequate resources are in place to achieve the desired business targets.

The Board continuously monitors the performance of management as well as appropriateness of the financial accounting and reporting frame work of the Company. The Board ensures that periodical and annual financial statements are prepared, reviewed and audited by the external auditors in timely manner.

The Board ensures that the company is in compliance of its statutory obligations and good corporate governance

practices, system of risk identification, risk management and related internal controls is sound in design and is implemented effectively with continuous monitoring. The Company is committed in discharging its Corporate Social Responsibility. Research and development work is continuously carried on for the innovation of new products and or to make the production and existing products more efficient to maintain or expand its market share.

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 24, 2018

Mrs. Saira Asad Hameed
(Chairperson)



DIRECTORS' REPORT

The directors of your company are pleased to present the 27th Annual Report along with the audited financial statements of the Company for the year ended 30th June 2018:

BUSINESS OVERVIEW:

The Company is principally engaged in the manufacturing and sale of Auto Rickshaws, Tractor Wheel Rims and home appliances 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 Government has been successful in maintaining the law & order position in the country throughout the year specially in Karachi. This has helped the Company not only to maintain but also to strengthen its market share of Auto Rickshaws.

The tractor industry has regained its market position during the period under review and has shown an impressive increase of 33.20% 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.

FINANCIAL RESULTS:

| | 2018 (Rupees) | 2017 (Rupees) |
|---|--------------------|--------------------|
| Profit before taxation | 254,678,642 | 204,113,745 |
| Provision for taxation | <u>68,673,624</u> | <u>61,291,804</u> |
| Profit after taxation | 186,005,018 | 142,821,941 |
| Other comprehensive loss for the year | (2,428,937) | (9,024,382) |
| Un appropriated Profit brought forward | <u>558,119,886</u> | <u>482,732,527</u> |
| Profit available for appropriation | 741,695,967 | 616,530,086 |
| Appropriations: | | |
| Interim Cash dividend Nil (2017:12.50%) | - | 22,465,460 |
| Reserve for issuance of Bonus share Nil (2017: 20%) | - | <u>35,944,740</u> |
| | - | <u>58,410,200</u> |
| Un appropriated profit carried forward | <u>741,695,967</u> | <u>558,119,886</u> |

Sales Revenue:

The overall net sales revenue of the Company has increased by 9.68% from Rupees 3,618.14 million to Rupees 3,968.22 million during the period under review showing an improvement in performance of the company. **AL-HAMDOLILLAH.**

Segment wise: The net sale of Auto Rickshaws has increased from Rupees 3,121.31 million to Rupees 3,335.89 million reflecting a growth of 6.87%. The net sale of automotive parts has increased by 25.13 % from Rupees 493.59 million to Rupees 617.63 million. The net sales of home appliances has increased from Rupees 3.25 million to Rupees 14.68 million compared with the corresponding period of last year.

The sale of auto rickshaw also includes an export sale of Rupees 52.58 million showing a decrease of 6.77% as compared to the last financial year export of Rupees 56.40 million. During the year, Company exported Auto Rickshaws to Afghanistan, Japan and Iraq.

By the Grace of Almighty Allah, the Company has registered a highest sale volume in the current financial year. The Company has consolidated its market share and also achieved a growth in sale volume of Auto Rickshaw. During the year, the company sold 21,978 units of Auto Rickshaws as compared to 21,109 units sold in last financial year.

The revival of tractor industry is good for the Company due to which tractor assemblers placed higher orders of tractor wheel rims on the Company which has made a substantial contribution in increasing the sales revenue and profitability of the Company.

The sale of home appliances has increased due to their higher demand in the market.

Gross Profit:

Company's gross profit has increased from Rupees 379.48 million to Rupees 444.91 million showing an increase of Rupees 65.43 million compared with the corresponding period of last year. The gross profit ratio has also inclined from 10.49% to 11.21%.

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 204.11 million to Rupees 254.68 million showing an increase of Rupees 50.56 million compared with the corresponding period of last year.

Earnings Per Share:

The Earnings per share of the Company has increased from Rs. 6.62 (restated) to Rs.8.62 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 21,722 units of Auto Rickshaws is reflecting a 2.50% rise, compared with 21,193 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 106,593 compared with 94,307 during the same corresponding period of last year showing an increase of 13.02%.

RISKS AND UNCERTAINTIES:

Risks:

The company is exposed to a large number of internal and external risks. Risk is the chance of happening of an event that can prevent the company from achieving its objectives.

All Risks cannot be eliminated, these can be managed, mitigated and transferred to third party.

The board of directors has overall responsibility to establish and oversee the Company's Risk Management framework.

The board has established Risk Management Policies for the governance of risks and determination of company's level of risk tolerance. The board reviews annually to ensure that the management has maintained a sound system of risk identification, risk management and related internal controls to safeguard the assets, resources, reputation and interest of the company and shareholders. The system is subject to continuous

monitoring for its further improvement.

The following are some of principal risks being faced by the company:

Law and Order Position:

The Company is carrying a major market share of auto rickshaw 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.

Availability and Prices of Raw Material:

Due to closure of Pakistan Steel Mill, the production of tractor wheel rims and sheet metal components of auto rickshaw is dependent on the availability of imported steel in the International market, therefore, any hurdle in its availability and volatility of its prices may adversely affect the production, input cost and supply of tractor wheel rims and sheet metal components of auto rickshaw.

Further any failure or hurdle in supply of critical parts of auto rickshaws, which are procured from single source, may disturb the production of auto rickshaws. To avoid such kind of situation, company carries higher level of stocks of those parts and continuously monitor the supply chain and keeps close contact with the supplier to solve any issue at an early stage.

Currency Devaluation:

Material devaluation of Pak Rupee, if any, may deteriorate the profitability of the Company. The company has a planning of availing the hedging and forward cover booking of foreign currency facility upon its availability (if it is feasible).

Economic & Political conditions:

Overall stable economic and political conditions in the country have a significant influence on the company's success. Any instability may have adverse effects on the company's revenue and profitability.

General Market Conditions:

The product range of the company in auto rickshaw



category is very successful and contributes to it in advantageous position compared with the competitors. Any aggressive pricing policy, introduction of new products and aggressive change in after sales policy by competitors may result in lower revenue, lower profitability or lower market share of the company.

The company carries out continuous monitoring of competitors in order to recognize these risks at an early stage. Depending on the situation, product-specific and possible regionally different measures are taken to support the weaker markets.

Regulatory and Taxation Policy:

The automotive industry is subject to various governmental regulations. Any adverse and sudden change in the Governments' taxation and regulatory policy may have considerable impact on the company's future business.

Sudden break down of Plant & Equipment:

Any sudden break down of manufacturing plant and equipments may lead to stoppage of production and can create a risk in achieving the desired business targets. In order to secure and enhance the long term future viability of production facilities, the equipments are continually maintained and modernized.

The natural disasters are out of control of the company. However, the company takes appropriate precautionary measures, as far as possible, and also arrange insurance policies.

Financial Risks:

These risks have been stated in note 41 to the audited financial statements.

Warranty cases:

Warranty cases could arise if the quality of the products does not meet the requirements and regulations are not complied with or support is not provided in the required form in connection with product problems and product care. Possible claims with such risks are examined and if necessary appropriate measures are taken for the affected products. The company works continuously to maintain the product quality at required level to supply the best possible products to the customers.

Uncertainties:

- Volatility in prices of raw materials

- New government's taxation and regulatory policies
- Pak Rupee parity against foreign currencies
- Law and order situation in the country
- Supply of electricity to the industry
- Political and economic stability
- Inflation Rate

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 the Directors' Report and financial statements.

CASH DIVIDEND:

The Board of Directors, at their meeting held on September 24, 2018 has not recommended a cash dividend keeping in view the requirement of funds for the setting up of new project for the manufacturing/assembly of four wheeler vehicles.

FUTURE OUTLOOK:

The new government has to face big economic challenges including depleting foreign reserves due to widening of current account deficit and repayment of previous loans, rising inflation rate, foreign policy etc. The government has to put in place a very comprehensive plan to manage the current situation prudently and has to take corrective measures to boost the economic activities in the country.

Very short time has passed since the new government has formed. It is hoped that soon the government will introduce its policies to put the economy on right track of prosperity. Insha Allah.

Your company is keeping close eye on the situation and efforts are being made not only to maintain the existing growth rate of business but also to increase the market share of its products.

4-Stroke Auto Rickshaw:

Auto Rickshaw is playing a significant role in fulfilling the transportation needs of the general public. Urbanization trend of the society and enlargement of big cities is creating more demand of public transport facility. Auto rickshaw has become a key source for the movement of people from one place to other due to its availability at the door step of the people.

Constant devaluation of Pak Rupee has increased the



input cost of auto rickshaws that forced the company to increase the prices of its products during the current financial year as well as subsequent to the period under review. It is estimated that the rise in prices of auto rickshaws may slow down the sales volume in the coming periods.

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:

Tractor industry has regained its market position and showed a substantial growth in current financial year. It is hoped that this growing trend will continue in coming financial year and your company will receive increased orders of wheel rims from the tractor assemblers.

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

Exports:

Your Company is continuously making efforts to increase exports of Auto Rickshaw to Afghanistan, Japan and other countries and it is hoped that the Company will receive increased orders in the coming financial year.

BUSINESS EXPANSION:

Passenger and Off-Road Vehicles:

During the year, the Company has entered into a Vehicle Assembly and Cooperation Agreement with a renowned Chinese Automobile manufacturer for the manufacture/ assembly of passenger and off-road vehicles under brand "BAIC".

The setting up of the project is under process and is estimated to be completed by June 30, 2019 with a production capacity of 24,000 units per annum.

Initially the cost of project was estimated at Rs. 1,760 million excluding the value of land which is already owned by the Company. However, due to constant devaluation of Pak Rupee, the company is in the process of reviewing the project cost.

The principle risks associated with this project are given

below:

- Any adverse change in regulatory policies specifically auto development policy 2016-21
- Product acceptability by the customers
- Devaluation of Pak Rupee
- Large number of competitors

Purchase of additional land: During the year, the Company also purchased nearly 55 kanals 5.14 Marla of land adjacent to the existing land of proposed four wheeler project valuing Rs. 87.86 million to fulfil the future needs of the project.

Holding of Auto Rickshaw Expansion Facilities:

Considering the potential growth and future prospects of the automobile sector in Pakistan and in order to facilitate the timely completion of **the new four wheeler Project**; the Board had decided to hold the expansion of auto rickshaws production facilities during the period under review.

The production of Auto Rickshaws will continue at the existing production facilities of the Company and the growing market demand of the auto rickshaws shall be met by increasing the production hours of these production facilities.

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. 300,000/- in cash and donated three units of auto rickshaw ambulances 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. 436,390/- 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. The Company spent Rs. 993,050 during this 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 27 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.

Workforce Training:

Workforce development is very significant for the progress of industrial sector. The Company is committed for human resource development for the automotive sector. The new appointees are trained before they are sent to production line. Measures are also taken to improve their skills and performance.

Safety:

The Company takes different safety measures to safe guard its man force and working environment. Company provides safety goggles, Gloves, safety shoes, welding shields, etc, to its workers. Work places are cleaned properly to avoid slips and fall. Hazardous materials are stored in designated area. The Company also takes measures to avoid the occurrence of accidents. First aid facility, fire extinguishers, dedicated Company owned Ambulance Service has been made available for the emergency situation.

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. 914.09 Million to National Exchequer during the year in form of income tax, sales tax, custom duties and excise as compared to 806.59 million of last financial year. The rise is due to increase in production and sales volumes.

REVISION IN REMUNERATION PACKAGES OF THE CHIEF EXECUTIVE AND EXECUTIVE DIRECTORS:

During the year, the monthly remuneration packages of the Chief Executive and Executive Directors were revised effective from April 01, 2018. The detail is given below:

| Name of Executives | Monthly Remuneration Rupees |
|--|-----------------------------|
| Mian Asad Hameed, Chief Executive | 1,900,000 |
| Saeed Iqbal Khan, Executive Director | 900,000 |
| Mian Muhammad Ali Hameed, Executive Director | 350,000 |

There was no other change in terms and conditions of their appointments.

DIRECTORS' REMUNERATION POLICY:

The Policy has been designed to enable the Company to attract, motivate and retain the executive and non-executive directors and to govern the Company successfully and to encourage the value addition.

Remuneration of Executive Directors including Chief Executive:

The level of remuneration be appropriate and commensurate with the role and level of responsibilities, qualification, experience, expertise, industrial practices and trends in the market to attract and retain the Executive Directors including Chief Executive who are needed to govern the Company successfully and to encourage the value addition without compromising their independence.

The Executive Directors and the Chief Executive of the Company are not entitled for the meeting attending fee.

Remuneration of Non-Executive Directors including Independent Directors:

No Remuneration is paid to non-executive directors



except the meeting attending fee.

The Board determines the amount of meeting attending fee to encourage the non-executive directors for spending their valuable time for the preparation of and their active participation in the meeting of the Board of Directors or Committees.

COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE:

The board is committed to the principles of good corporate governance. The board is pleased to confirm that the Company is in compliance with Corporate and Financial Reporting Framework of the Code of Corporate Governance as are applicable for the current year and states that:

- **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 are applicable to the Company for the year ended June 30, 2018.
- **Financial Data of Last Years** Key operating and

financial data of last six years is annexed as per annexure "A"

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.

Composition of Board:

The total number of directors are (9) nine as per the following:

- Male : (7) seven
- Female : (2) two

The composition of board is as follows:

- Executive directors including Chief Executive:**
Mr. Mian Asad Hameed
Mr. Saeed Iqbal Khan
Mr. Mian Muhammad Ali Hameed
- Non-Executive Directors:**
Mrs. Saira Asad Hameed
Mrs. Sana Suleyman
Mr. Mian Zafar Hameed
Mr. Humza Amjad Wazir
- Independent Directors:**
Mr. Ahsan Ejaz
Mr. Anwar Ali

Committees of the Board:

The Board Committees and their members have been stated on page number 02 of the Annual Financial Statements.

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 | 5 | 5 | 2 |
| Meetings Attended by the Directors: | | | |
| Mr. Mian Asad Hameed | 5 | N/A | N/A |
| Mr. Mian Zafar Hameed | 5 | N/A | 1 |



| | | | |
|------------------------------|---|-----|-----|
| Mr. Saeed Iqbal Khan | 5 | N/A | 2 |
| Mr. Mian Muhammad Ali Hameed | 4 | N/A | N/A |
| Mrs. Saira Asad Hameed | 5 | N/A | N/A |
| Mr. Ahsan Ejaz | 5 | 5 | N/A |
| Mrs. Sana Suleyman | 5 | 5 | N/A |
| Mr. Anwar Ali | 5 | 4 | 1 |
| Mr. Humza Amjad Wazir | 4 | N/A | 2 |

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

Directors' Training Programs during the year: The Company is in compliance of certification of Directors Training Programme. Out of nine, four directors have acquired the Directors' Training Programme (DTP) from SECP approved Institutions whereas three directors fall under the exemption criteria of Listed Companies (Code of Corporate Governance) Regulations 2017.

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:

| Directors & Executives: | Purchase | | Sale |
|------------------------------|-----------|--|-------|
| Mr. Mian Asad Hameed | 1,460,811 | (Including bonus shares 1,436,963 and inherit shares 15,331) | - |
| Mr. Mian Zafar Hameed | 16,281 | (Bonus shares 950 and inherit shares 15,331) | 9,281 |
| Mrs. Saira Asad Hameed | 217,355 | (Bonus Shares) | - |
| Mr. Saeed Iqbal Khan | 154,174 | (Bonus Shares) | - |
| Mr. Mian Muhammad Ali Hameed | 399,824 | (Bonus Shares) | - |
| Mrs. Sana Sulayman | 2,280 | (Bonus Shares) | - |
| Mr. Humza Amjad Wazir | 106 | (Bonus Shares) | - |
| Mr. Ahsan Ejaz | 190 | (Bonus Shares) | - |
| Mr. Anwar Ali | 105 | (Bonus Shares) | - |
| Mr. Arshad Mahmood | 2,383 | (Bonus Shares) | - |
| Spouses: | | | |
| Mr. Muhammad Suleyman Khan | 3,800 | (Bonus Shares) | - |
| Mrs. Amina Humza Wazir | 3,792 | (Bonus Shares) | - |
| Mrs. Ambreen Zafar Hameed | 238 | (Bonus Shares) | - |
| Mrs. Naghmana Saeed | 58,803 | (Bonus Shares) | - |
| Mrs. Navin Anwar Ali | 238 | (Bonus Shares) | - |

PERFORMANCE EVALUATION OF BOARD, COMMITTEES AND INDIVIDUAL DIRECTORS:

The board has put in place a mechanism for the performance evaluation of its own, its committees and individual directors.

During the year, HR&R Committee has undertaken the evaluation process. The results were compiled and

placed before the board for its consideration and action for necessary improvement wherever it has been identified.

AUDITORS:

The present auditors retire and being eligible offers themselves for reappointment. The Audit Committee and the Board of Directors 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 24, 2018

For and on behalf of the Board


Mian Asad Hameed
(Chief Executive)


Saeed Iqbal Khan
(Director)



ڈائریکٹران کی رپورٹ

کمپنی کے ڈائریکٹران 30 جون 2018ء کو مکمل ہونے والے سال کیلئے آڈٹ شدہ مالی گوشواروں کے ہمراہ کمپنی کی سٹائیسویں (27) سالانہ رپورٹ بخوشی پیش کرتے ہیں۔ کاروبار کا مجموعی جائزہ:

اس مالی سال کے دوران کمپنی بنیادی پر آٹورکشن، ٹریڈنگ اور ریموڈ ہوم پلانٹسز کی پیداوار اور فروخت میں مصروف عمل رہی ہے۔

اللہ تعالیٰ کا شکر ہے کہ اس سال کمپنی نے آٹورکشن کی سب سے زیادہ پیداوار اور فروخت حاصل کی ہے۔ حکومت پورا سال کے دوران ملک میں اور خاص طور پر کراچی میں امن وامان کی صورت حال کو برقرار رکھنے میں کامیاب رہی جس سے کمپنی کو آٹورکشن کی مارکیٹ طلب نہ صرف برقرار رکھنے بلکہ اضافے کے لیے بھی مدلی ہے۔

ٹریڈنگ انڈسٹری نے اس سال کے دوران اپنی مارکیٹ کی حیثیت کو دوبارہ حاصل کیا ہے۔ اور ٹریڈنگ کی پیداوار میں متاثر کن 33.20 فی صد کا اضافہ دکھایا ہے جس سے کمپنی کو ٹریڈنگ بنانے والے اداروں سے ویل رمز کے زیادہ آرڈر ملے اور کمپنی کے منافع پر مثبت اثر پڑا ہے۔

مالیاتی نتائج:

| 2017 (روپے) | 2018 (روپے) | |
|----------------|----------------|--|
| 204,113,745 | 254,678,642 | منافع قبل از ٹیکس |
| 61,291,804 | 68,673,624 | ٹیکس کا تخمینہ |
| 142,821,941 | 186,005,018 | منافع بعد از ٹیکس |
| (9,024,382) | (2,428,937) | کمپنی کے دوسرے سالانہ نقصان |
| 482,732,527 | 558,119,886 | گزشتہ غیر مختص شدہ منافع (Brought Forward) |
| 616,530,086 | 741,695,967 | منافع جو مختص کرنے کے لئے دستیاب ہے |
| | | تخصیصات: |
| 22,465,460 | - | زیرو فی صد عبوری نقد منقسمہ منافع (2017:12.50%) |
| 35,944,740 | - | زیرو فی صد بونس حصص کے اجراء کے لئے ذخیرہ (2017:20%) |
| 58,410,200 | - | |
| 558,119,886 | 741,695,967 | برآوردہ غیر مختص شدہ منافع (Carried Forward) |
| | | سیلز آمدنی: |

اللہ تعالیٰ کا شکر ہے اس سال کمپنی کی مجموعی سالانہ سیلز میں 9.68 فی صد اضافہ کے ساتھ پچھلے مالیاتی سال کے مقابلہ میں سیلز آمدنی 3,618.14 ملین روپے سے بڑھ کر اس سال 3,968.22 ملین روپے ہو گئی ہے جو کہ کمپنی کی کارکردگی میں بہتری کو ظاہر کرتی ہے۔

حصہ وار سیلز آمدنی:

اس سال آٹورکشن کی مجموعی سیلز پچھلے سال کے مقابلہ میں 3,121.31 ملین روپے سے بڑھ کر 3,335.89 ملین روپے ہو گئی ہے جو کہ 6.87 فی صد ترقی کو ظاہر کرتی ہے۔ آٹوموٹیو پارٹس کی مجموعی سیلز پچھلے سال کے مقابلہ میں 493.59 ملین روپے سے بڑھ کر 617.63 ملین روپے ہو گئی ہے جو کہ 25.13 فی صد اضافہ کو ظاہر کرتی ہے۔ ہوم اپلائنسز کی مجموعی سیلز پچھلے سال کے مقابلہ میں 3.25 ملین روپے سے بڑھ کر 14.68 ملین روپے ہو گئی ہے۔



آٹورکشی فروخت میں 52.58 ملین روپے کی برآمدات شامل ہیں جو کہ پچھلے مالی سال کی برآمدات 56.40 ملین روپے سے 6.77 فیصد کمی کو ظاہر کرتی ہیں۔ اس سال کے دوران کمپنی نے افغانستان، جاپان اور عراق کو آٹورکشی برآمد کئے۔

اللہ تعالیٰ کے فضل و کرم سے کمپنی نے اس سال مجموعی فروخت کی بلند ترین سطح کو حاصل کیا ہے۔ کمپنی نے اپنی مارکیٹ حصہ داری کو اور مضبوط کیا ہے اور آٹورکشی فروخت کے حجم میں اضافے کو بھی حاصل کیا ہے۔ کمپنی نے پچھلے مالی سال 21,109 آٹورکشی کے مقابلہ میں اس سال 21,978 آٹورکشی فروخت کئے۔

ٹریڈر انڈسٹری کی بحالی کمپنی کے لئے اچھی ہے جس کی وجہ سے ٹریڈر بنانے والے اداروں نے کمپنی کو ویل رمز کے زیادہ آرڈر دیئے جس نے کمپنی کے منافع اور سیلز آمدنی میں نمایاں اضافے میں اہم کردار ادا کیا ہے۔

مارکیٹ طلب میں نمایاں اضافے کی وجہ سے ہوم اپلائمنٹس کی فروخت میں اضافہ ہوا ہے۔

مجموعی منافع:

کمپنی کا مجموعی منافع 65.43 ملین روپے کے اضافہ کے ساتھ پچھلے سال کے مقابلہ میں 379.48 ملین روپے سے بڑھ کر 444.91 ملین روپے ہو گیا ہے۔ مجموعی منافع کا تناسب بھی 10.49 فیصد سے بڑھ کر 11.21 فیصد ہو گیا ہے۔

آپریٹنگ اخراجات:

کمپنی کے آپریٹنگ اخراجات کمپنی کی فروخت میں اضافہ کے مطابق نارٹل ہیں۔

قبل از ٹیکس منافع:

کمپنی کا قبل از ٹیکس منافع 50.56 ملین روپے کے اضافہ کے ساتھ پچھلے سال کے مقابلہ میں 204.11 ملین روپے سے بڑھ کر 254.68 ملین روپے ہو گیا ہے۔

آمدنی فی حصص:

اس سال 8.62 روپے فی حصص آمدنی پچھلے سال کی 6.62 روپے (restated) فی حصص آمدنی سے بڑھ گئی ہے جو کہ حصص داران کے لئے دستیاب منافع میں نمایاں اضافہ کو ظاہر کرتی ہے۔

پیداوار:

اس سال کمپنی نے 100 فی صد سے زیادہ پیداواری صلاحیت کو بروئے کار لاتے ہوئے آٹورکشی کی بلند ترین پیداواری سطح کو حاصل کیا۔ آٹورکشی کی پیداواری تعداد 2.50 فی صد اضافے کے ساتھ پچھلے سال کے مقابلہ میں 21,193 سے بڑھ کر اس سال 21,722 رہی۔ پیداواری صلاحیت سے زیادہ اصل پیداوار، آٹورکشی کی مارکیٹ طلب کو پورا کرنے کے لئے اضافی وقت میں کام کرنے کی وجہ سے ہے۔

جبکہ ٹریڈر ویل رقم کی پیداوار اس سال 13.02 فی صد اضافہ کے ساتھ پچھلے سال 94,307 کے مقابلہ میں 106,593 رہی۔



خطرات اور غیر یقینی صورت حال:

خطرات:

کمپنی کو بڑی تعداد میں اندرونی اور بیرونی خطرات کا سامنا ہے۔ خطرہ ایک واقع کے رونما ہونے کا موقع ہے جو کمپنی کو اپنے مقاصد حاصل کرنے میں روک سکتا ہے۔ تمام خطرات ختم نہیں کئے جاسکتے، ان کا انتظام کیا جاسکتا ہے، کم کئے جاسکتے ہیں اور تیسری پارٹی کو منتقل کئے جاسکتے ہیں۔

بورڈ آف ڈائریکٹران کی مجموعی ذمہ داری ہے کہ کمپنی کے خطرات کے انتظامی ڈھانچے کا قیام اور نگرانی کرے۔

خطرات کی گونسن اور کمپنی کی سطح پر خطرات کو برداشت کرنے کی حد کا تعین کرنے کے لئے بورڈ نے خطرات کی انتظامی پالیسیوں کا قیام کر دیا ہے۔ بورڈ سالانہ جائزہ لیتے ہوئے یقین حاصل کرتا ہے کہ حصص داران اور کمپنی کے مفاد اور شہرت، وسائل، اثنا شجاعت کو محفوظ کرنے کیلئے انتظامیہ نے خطرات کی نشاندہی، خطرات کا انتظام اور اس کے متعلقہ انٹرنل کنٹرول کا مضبوط انتظام بنا رکھا ہے۔ نظام کو مزید بہتر بنانے کے لئے اس کی مسلسل نگرانی کی جارہی ہے۔

کمپنی کو درپیش چند بنیادی خطرات درج ذیل ہیں۔

امن و امان کی صورت حال:

کراچی میں آٹورکشہ کی فروخت کا نمایاں مارکیٹ شیئر کمپنی کے پاس ہے اس لئے شہر میں امن و امان کی صورت حال کی اہمیت کمپنی کے لئے بہت حساس ہے۔ اگر کراچی میں امن و امان کی صورت حال میں کسی بھی قسم کی ابتری ہوتی ہے تو اس سے آٹورکشہ کی فروخت پر برا اثر پڑ سکتا ہے تاہم کمپنی کو امید ہے کہ قانون نافذ کرنے والے ادارے بالعموم پورے ملک میں اور خاص طور پر کراچی میں امن لانے کی اپنی کوششیں جاری رکھیں گے۔ مزید یہ کہ کمپنی اپنی فروخت کا نیٹ ورک دوسرے شہروں میں بڑھا اور مضبوط کر رہی ہے جو کہ حالات پر کسی بھی قسم کے برے اثرات کو کم کرنے میں مددگار ہوگا۔

خام مال کی قیمت اور دستیابی:

پاکستان سٹیل مل بند ہونے کی وجہ سے ٹریڈیٹریل رمزا اور آٹورکشہ کے لوہے کے پرزہ جات کی پیداوار کا انحصار درآمدی لوہے کی بین الاقوامی مارکیٹ میں دستیابی پر ہے اس لئے اسکی دستیابی میں کسی بھی قسم کی رکاوٹ اور اس کی قیمتوں میں اتار چڑھاؤ آٹورکشہ کے لوہے کے پرزہ جات اور ٹریڈیٹریل رمز کی پیداوار، ان کی لاگت اور فراہمی پر برا اثر کر سکتی ہے۔

مزید آٹورکشہ کے اہم پرزہ جات جو واحد ریلے سے خریدے جاتے ہیں کی فراہمی میں کوئی رکاوٹ یا نا کامی آٹورکشہ کی پیداوار متاثر کر سکتی ہے۔ اس صورت حال سے بچنے کیلئے کمپنی ان پرزہ جات کا اونچی سطح کا شاک جمع کر لیتی ہے اور فراہمی سلسلے کی مسلسل نگرانی کرتی ہے اور سپلائرز کے ساتھ قریبی رابطے میں رہتی ہے تاکہ ابتدائی مقام پر ہی مسئلہ کو حل کیا جاسکے۔

روپے کی قدر میں کمی:

پاکستان روپے کی قیمت میں اگر کوئی نمایاں کمی ہوتی ہے تو یہ کمپنی کے منافع کو کم کر سکتی ہے۔ کمپنی کا منصوبہ ہے کہ وہ غیر ملکی کرنسی کی ہجنگ (hedging) اور فارورڈ کور بکنگ (forward cover booking) کی دستیابی اگر سود مند ہو تو اس سے استفادہ کیا جائے۔

اقتصادی اور سیاسی حالات:

ملک میں مجموعی طور پر مستحکم اقتصادی اور سیاسی حالات کمپنی کی کامیابی پر اہم اثر رکھتے ہیں۔ کسی بھی قسم کا عدم استحکام کمپنی کی آمدن اور منافع پر برا اثر ڈال سکتا ہے۔



عام مارکیٹ کے حالات:
آنٹورکشی کی کمیگرمی میں کمپنی کی پیداواری صلاحیت بہت کامیاب ہے اور حریف کے مقابلہ میں اس کو فائدہ مند برتری حاصل ہے۔ حریف کی جانب سے قیمتوں میں کوئی بھی جارحانہ کمی، نئی مصنوعات کا تعارف اور بعد از فروخت پالیسی میں جارحانہ تبدیلی کمپنی کی کم آمدن، کم منافع اور مارکیٹ حصہ داری میں کمی کے نتیجے کی صورت میں ہو سکتی ہے۔
کمپنی حریف پر مسلسل نظر رکھے ہوئے ہے تاکہ ان خطرات کی ابتدائی مراحل پر پہچان ہو سکے۔ ممکنہ علاقائی، مخصوص پیداواری اشیاء کے حالات کے مد نظر کمزور منڈیوں کی سپورٹ کے لئے مختلف اقدامات کئے جاتے ہیں۔

ریگولیشن اور ٹیکس پالیسی:

آنٹوموٹو انڈسٹری پر بہت سے حکومتی قوانین نافذ العمل ہیں۔ ان قوانین یا ٹیکس پالیسی میں کوئی بھی منفی یا اچانک تبدیلی کمپنی کے مستقبل کے کاروبار پر گہرے اثرات مرتب کر سکتی ہے۔

پلانٹ اور آلہ جات میں اچانک خرابی:

پلانٹ اور آلہ جات میں اچانک خرابی پیداوار میں رکاوٹ کا باعث بن سکتی ہے اور کاروبار کے مطلوبہ اہداف کو حاصل کرنے میں خطرہ پیدا کر سکتی ہے۔ اس صورت حال سے بچنے کے لئے اور مستقبل میں پیداواری صلاحیت کو بڑھانے کے لئے پلانٹ اور آلہ جات کی مسلسل دیکھ بھال کی جاتی ہے اور ان میں جدت لائی جاتی ہے۔

قدرتی آفات کمپنی کے اختیارات سے باہر ہیں۔ تاہم کمپنی احتیاطی تدابیر اور ممکنہ اقدامات اختیار کرتی ہے اور انسورنس پالیسیوں کا اہتمام بھی کرتی ہے۔

مالیاتی خطرات:

یہ خطرات متوقع شدہ مالیاتی گوشواروں کے نوٹ 41 میں بیان کر دیئے گئے ہیں۔

وارنٹی مقدمات:

وارنٹی مقدمات نمودار ہو سکتے ہیں اگر اشیاء معیار پر پورا نہ اترتی ہوں اور قوانین کی پاسداری نہ کی جاتی ہو یا اشیاء کی دیکھ بھال اور اشیاء میں نقص کے مسائل کے لئے مطلوبہ سپورٹ فراہم نہ کی جاتی ہو۔ ایسے خطرات کے ساتھ ممکنہ دعوؤں کی جانچ پڑتال کی جاتی ہے اور اگر ضروری ہو تو متاثرہ اشیاء کے لئے مناسب اقدامات کیے جاتے ہیں۔ کمپنی گاہکوں کو ممکنہ بہترین اشیاء فراہم کرنے کے لئے اشیاء کی کوالٹی کو مطلوبہ سطح پر رکھنے کے لئے مسلسل کام کرتی ہے۔

غیر یقینی صورت حال:

- خام مال کی قیمتوں میں اتار چڑھاؤ
- نئی حکومت کی ٹیکس اور قوانینی پالیسیاں
- غیر ملکی کرنسی کے مقابلہ میں پاکستانی روپے کی قدر
- ملک میں قانون اور امن وامان کی صورت حال
- انڈسٹری کو بجلی کی فراہمی
- سیاسی اور اقتصادی استحکام
- افراط زر



نمایاں تبدیلیاں:

سوائے ان تبدیلیوں کے جو کہ ڈائریکٹران کی رپورٹ اور مالی گوشواروں میں ظاہر کردی گئی ہیں کوئی نمایاں تبدیلی یا معاہدہ جو کہ کمپنی کی مالی پوزیشن پر اثر انداز ہو سکے، مالی گوشواروں اور رپورٹ کی تاریخ کے دوران نہیں ہوا ہے۔

نقد منقسمہ منافع:

فورویلرز گاڑیاں بنانے کے لئے نئے پروجیکٹ کے قیام کے لئے فنڈز کی ضروریات کو مد نظر رکھتے ہوئے بورڈ آف ڈائریکٹرز نے 24 ستمبر 2018 کو اپنے منعقدہ اجلاس میں نقد منافع منقسمہ کی سفارش نہیں کی ہے۔

مستقبل پر نقطہ نظر:

نئی حکومت کو بشمول کرنٹ اکاؤنٹ کے خسارے میں بدھوتری اور پچھلے قرضوں کی واپسی کی وجہ سے غیر ملکی ذخائر میں کمی اور غیر ملکی پالیسی، بدھوتی، ہوئی افراط زر کی شرح سمیت بڑے اقتصادی چیلنجز کا سامنا ہے۔

حکومت کو موجودہ صورت حال کے انتظام کے لئے ایک انتہائی جامع اور دانا منصوبہ بنانا پڑے گا اور ملک میں معاشی سرگرمیوں کو فروغ دینے کے لئے اصلاحی اقدامات کرنا پڑیں گے۔ نئی حکومت کے قیام کے بعد بہت کم وقت گزارا ہے امید کی جاتی ہے کہ حکومت معیشت کو خوشحالی کی صحیح راہ پر لانے کے لئے جلد اپنی پالیسیاں متعارف کرائے گی۔

آپ کی کمپنی اس صورت حال پر نگاہ رکھے ہوئے ہے اور نہ صرف موجودہ کاروبار کی شرح میں اضافہ کو برقرار رکھنے کے لئے بلکہ اپنی پروڈکٹس کے مارکیٹ حصہ کو بھی بڑھانے کے لئے کوششیں کر رہی ہے۔

فورا سٹروک آؤٹ رکشہ:-

آؤٹ رکشہ عام لوگوں کی ٹرانسپورٹ ضروریات کو پورا کرنے کے لئے ایک اہم کردار ادا کر رہا ہے۔ معاشرے کے شہری رجحان اور بڑے شہروں کی بدھوتری لوگوں کی ٹرانسپورٹ سہولت کی طلب پیدا کر رہی ہے۔ آؤٹ رکشہ لوگوں کے دروازے کی دہلیز پر دستیابی کی وجہ سے اور ان کی ایک سے دوسرے جگہ نقل و حرکت کے لئے ایک کلیدی ذریعہ بن گیا ہے۔

پاکستانی روپے کی ابتری قدر کی وجہ سے آؤٹ رکشہ کی پیداواری لاگت بڑھی ہے جس نے کمپنی کو موجودہ مالی سال کے ساتھ ساتھ بعد از دورانیہ میں بھی اپنی اشیاء کی قیمتیں بڑھانے پر مجبور کیا ہے۔ یہ اندازہ ہے کہ رکشوں کی قیمتیں بڑھنے کی وجہ سے آنے والے وقت میں اسکی فروخت میں کمی ہو سکتی ہے۔

کمپنی مقابلہ میں آگے رہنے کے لئے نئی مصنوعات کی ایجاد کرنے اور اپنی موجودہ مصنوعات کی کوالٹی کو بہتر کرنے کے لئے اپنی تحقیق اور ترقی کے طریقہ کار کو جاری رکھے گی۔

مستقبل پر نظر رکھتے ہوئے آپ کی کمپنی کاروبار کے اس حصہ سے نمایاں فروخت اور منافع کی توقع اللہ کے فضل و کرم سے رکھتی ہے۔

آٹوموٹیو پارٹس:

ٹریکٹر انڈسٹری نے اپنی مارکیٹ حیثیت کو دوبارہ حاصل کیا ہے اور موجودہ مالیاتی سال میں نمایاں اضافہ دیکھنے میں آیا ہے۔ یہ امید کی جاتی ہے کہ بڑھتا ہوا رجحان آئندہ مالیاتی سال میں بھی جاری رہے گا اور آپ کی کمپنی ٹریکٹر بنانے والے اداروں سے ویل رمز کے زیادہ آرڈر حاصل کرے گی۔

کمپنی کاروبار کے اس حصہ سے نمایاں فروخت اور نفع کی توقع رکھتی ہے۔



برآمدات:

آپ کی کمپنی افغانستان، جاپان اور دوسرے ملکوں میں آٹورکشہ کی برآمدات بڑھانے کی مسلسل کوششیں کر رہی ہے اور امید کی جاتی ہے کہ کمپنی آئندہ مالیاتی سال میں زیادہ آرڈر وصول کرے گی۔
کاروبار میں توسیع

مسافر اور آف-روڈ گاڑیاں:

اس سال کے دوران کمپنی نے "BAIC" برانڈ کے ساتھ گاڑیاں بنانے والے ایک مشہور چائیز آٹوموبیلز ادارے کے ساتھ مسافر اور آف-روڈ گاڑیوں کو بنانے، جوڑنے کے لئے وہیکل اسمبلی اور کوآپریشن معاہدہ کیا ہے۔

منصوبہ زیر تکمیل ہے اور یہ 24,000 سالانہ پیداواری صلاحیت کے ساتھ تقریباً جون 2019,30 کو مکمل ہو جائے گا۔

ابتدائی اندازے کے مطابق اراضی کی قیمت کے علاوہ جو کہ کمپنی کی پہلے سے ملکیت ہے منصوبے کی اندازاً لاگت 1,760 ملین روپے تھی۔ تاہم پاکستانی روپے کی قدر میں کمی کے باعث کمپنی منصوبہ کی لاگت کا جائزہ لینے کے مراحل میں ہے۔

اس منصوبے کے ساتھ منسلک بنیادی خطرات ذیل میں دیئے جاتے ہیں۔

• قانونی پالیسیوں خاص طور پر آٹو ڈیولپمنٹ پالیسی 2016-21 میں کوئی بھی منفی تبدیلی

• گاہک کی جانب سے مصنوعات کی قبولیت

• پاکستان روپے کی قدر میں کمی

• زیادہ تعداد میں حریفوں کا ہونا

مزید زمین کی خریداری:

اس سال کے دوران کمپنی نے مجوزہ فورویئر منصوبہ کی مستقبل کی ضروریات کو پورا کرنے کے لئے پہلے سے موجود اراضی کے ساتھ 87.86 ملین روپے کی مالیت کی تقریباً 55 کنال 5.14 مرلہ اراضی بھی خریدی ہے۔

آٹورکشہ کی توسیع سہولیات میں ٹھہراؤ:

پاکستان میں آٹوموبیل سیکٹر کی مستقبل میں خوشحالی اور ترقی کے امکانات کو مد نظر رکھتے ہوئے اور نئے فورویئر پراجیکٹ کو وقت پر مکمل کرنے کی سہولت کے پیش نظر بورڈ نے اس سال کے دوران آٹورکشہ کی توسیع و پیداواری سہولیات کو روکنے کا فیصلہ کیا۔

آٹورکشہ کی پیداوار کمپنی کی موجودہ پیداواری سہولیات میں ہی جاری رہے گی اور آٹورکشہ کی بڑھتی ہوئی مارکیٹ طلب کو پورا کرنے کے لئے اس پیداواری سہولت میں پیداواری سہولیات کے وقت میں اضافہ کیا جائے گا۔

ادارے کی سماجی ذمہ داری:

کمپنی کی یہ سماجی ذمہ داری ہے کہ وہ اپنے ملازمین، ان کے اہل خانہ، اپنے اردگرد 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 مندرجہ ذیل خدمات سرانجام دیں:

صحت:

کمپنی نے تین آٹورکشہ ایویو لینس عطیہ کیے اور 300,000 روپے نقد مختلف ہسپتالوں کو دیئے جو کہ معاشرے کے غریب یا مستحق لوگوں کو مفت طبی سہولیات فراہم کرتے ہیں۔

تعلیم:

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



مالی معاونت:

کمپنی نے -/390,436 روپے اپنے مرحوم ملازمین کے اہل خانہ کی فلاح و بہبود اور ان کے بچوں کی تعلیم کے لیے خرچ کئے۔

جج سپانسرز شپ:

ہر سال کمپنی 2 ملازمین جج پر بھیجتی ہے جس سے ان کو روحانی تسکین حاصل ہوتی ہے۔ اس سال کمپنی نے -/993,050 روپے خرچ کئے۔

معذور افراد کے لیے روزگار:

کمپنی معذور افراد کے لیے روزگار کے مواقع پیدا کرتی ہے تاکہ وہ معاشرے کے باعزت اور خود مختار افراد بن سکیں۔ اس وقت کمپنی میں 27 معذور افراد کام کرتے ہیں۔

پینے کا صاف پانی:

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

افراد کی قوت کی تربیت:

انڈسٹریل سیکٹور کی ترقی کے لیے افرادی قوت کی نشوونما بہت اہمیت رکھتی ہے۔ کمپنی آٹوموٹیو سیکٹر کے لیے انسانی وسائل کی ترقی کے لئے کام کرتی ہے۔ نئی تقریروں کو پیداواری لائن پر بھیجنے سے پہلے تربیت دی جاتی ہے افرادی قوت کی مہارت اور کارکردگی کو بہتر بنانے کے لئے اقدامات کئے جاتے ہیں۔

حفاظت:

کمپنی اپنی افرادی قوت اور کام کرنے کے ماحول کی حفاظت کے لئے مختلف اقدامات کرتی ہے کمپنی اپنے ملازمین کو حفاظتی چشمے، دستا، حفاظتی جوتے، ویلڈنگ شیلڈ وغیرہ مہیا کرتی ہے۔ کام کرنے کی جگہ کو مناسب طریقے سے صاف کیا جاتا ہے تاکہ پھسلن اور گرنے سے بچا جاسکے خطرناکی مواد کو ان کی مقررہ جگہوں پر رکھا جاتا ہے کمپنی حادثات کے نمودار ہونے سے بچاؤ کے لئے اقدامات کرتی ہے ایمر جنسی حالات سے نمٹنے کے لیے ابتدائی طبی امداد کی سہولت، آگ بجھانے کے آلات، وقف شدہ کمپنی کی ملکیتی ایسبولینس سروس دستیاب ہوتی ہیں۔

ماحولیاتی حفاظت:

زیادتی اور کزن کو مناسب طریقے سے سنبھالا اور تصرف میں لایا جاتا ہے۔ کمپنی کی پیداوار کا کزن، مواد کی صورت میں نئے اجزاء بنانے میں بھی استعمال ہوتا ہے۔ جس کی وجہ سے ماحول آلودہ نہیں ہوتا۔

قومی خزانے میں شراکت:

ایک ذمہ دار شہری کی حیثیت سے آپ کی کمپنی نے انکم ٹیکس، سیلز ٹیکس، کسٹم ڈیوٹی اور ایکسائز کی مدد میں پچھلے سال 806.59 ملین روپے کے مقابلہ میں 914.09 ملین روپے اس سال جمع کرائے ہیں یہ بڑھتی پیداوار اور فروخت میں اضافہ کی وجہ سے ہے۔

چیف ایگزیکٹو اور ایگزیکٹو ڈائریکٹران کے مشاہرہ کے پیکیج میں نظر ثانی:

اس سال چیف ایگزیکٹو اور ایگزیکٹو ڈائریکٹران کے ماہانہ مشاہرہ کے پیکیج پر نظر ثانی کی گئی تھی جو کہ اپریل 2018-01 سے نافذ العمل ہیں اسکی تفصیل نیچے دی جاتی ہے

ایگزیکٹوز کے نام ماہانہ مشاہرہ (روپے)

1,900,000/- میاں اسد جمید، چیف ایگزیکٹو

900,000/- سعید اقبال خان، ایگزیکٹو ڈائریکٹر

350,000/- میاں محمد علی جمید، ایگزیکٹو ڈائریکٹر

ان کی تقرری کے قواعد و ضوابط میں کوئی اور تبدیلی نہیں کی گئی تھی۔



ڈائریکٹران کے مشاہرہ کی پالیسی:

یہ پالیسی کمپنی کو اس قابل بنانے کے لئے ڈیزائن کی گئی ہے جس سے وہ ایگزیکٹو اور نان-ایگزیکٹو ڈائریکٹران کو متوجہ کرے، ان کی حوصلہ افزائی کرے اور ان کو اپنے پاس برقرار رکھے اور کمپنی کو کامیاب طریقے سے چلانے اور اسکی قدر میں اضافہ کی حوصلہ افزائی کرے۔

ایگزیکٹو ڈائریکٹران بشمول چیف ایگزیکٹو کا مشاہرہ:

مشاہرہ کا درجہ، ایگزیکٹو ڈائریکٹران بشمول چیف ایگزیکٹو جن کی کمپنی کو کامیاب طریقے سے چلانے کے لئے ضرورت ہے کے لئے، پرکشش اور برقرار رکھنے کا باعث ہو، مارکیٹ کے رجحانات، صنعتی طریقہ کار، مہارت، تجربہ، تعلیم، ذمہ داریوں کے درجہ اور کردار کے مطابق اور مناسب ہو اور جو ان کی آزادی پر سمجھوتہ کئے بغیر ویلیو ایڈیشن کی حوصلہ افزائی کرے۔

کمپنی کے ایگزیکٹو ڈائریکٹران اور چیف ایگزیکٹو مینٹنگ اینڈنگ فیس کے لئے مستحق نہیں ہیں۔

نان-ایگزیکٹو ڈائریکٹران بشمول آزاد ڈائریکٹران کا مشاہرہ:

مینٹنگ اینڈنگ فیس کے علاوہ نان-ایگزیکٹو ڈائریکٹران کو کوئی مشاہرہ ادا نہیں کیا جاتا ہے۔

بورڈ آف ڈائریکٹران اور کمیٹیوں کے اجلاسوں میں نان-ایگزیکٹو ڈائریکٹران کی سرگرم نمائندگی اور ان کی تیاری کے لئے اپنا قیمتی وقت صرف کرنے پر ان کی حوصلہ افزائی کے لئے بورڈ مینٹنگ اینڈنگ فیس کی رقم کا تعین کرتا ہے۔

کوڈ آف کارپوریٹ گورننس کی تعمیل:

بورڈ اچھے کارپوریٹ گورننس کے اصولوں پر عمل پیرا ہے۔ بورڈ بخوشی تصدیق کرتا ہے کہ کمپنی موجودہ نافذ العمل کوڈ آف کارپوریٹ گورننس کے کارپوریٹ اور فنانشل رپورٹنگ فریم ورک کی تعمیل میں ہے اور بیان کرتا ہے کہ:

مالی گوشواروں کی عکاسی:

کمپنی کی انتظامیہ کی طرف سے تیار کردہ مالیاتی گوشوارے، اس کے معاملات، اس کی کاروباری سرگرمیوں کے نتائج، کیش فلوز اور ایکویٹی (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 بیرونی 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 کیا 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 جارہی 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:

کارپوریٹ گورننس کے رہنما اصول جن کا اطلاق کمپنی کے مالی سال ختمہ 30 جون 2018 پر لاگو 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۔

واجب الادا قانونی واجبات:

واجب الادا 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 یا جائے۔ اس کو کمپنی کی ویب سائٹ پر بھی آویزاں کیا گیا ہے۔

بورڈ کی ساخت:

ڈائریکٹران کی کل تعداد (9) نو ہے جو کہ درج ذیل ہے۔

a. مرد (7) سات

b. عورت (2) دو

بورڈ کی ساخت مندرجہ ذیل ہے۔

الف۔ چیف ایگزیکٹو اور ایگزیکٹو ڈائریکٹران:

جناب میاں اسد حمید

جناب سعید اقبال خان

جناب میاں محمد علی حمید

ب۔ نان ایگزیکٹو ڈائریکٹران

محترمہ سائرہ اسد حمید

محترمہ ثناء سلیمان

جناب میاں ظفر حمید

جناب حمزہ امجد وزیر



پ۔ آزاد ڈائریکٹران

جناب احسن اعجاز

جناب انوار علی

بورڈ کمیٹیاں:

بورڈ کمیٹیاں اور ان کے ممبران سالانہ مالیاتی گوشوارے کے صفحہ نمبر 02 پر درج شدہ ہیں۔

بورڈ اور کمیٹی کے اجلاس میں حاضری:

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

| ہیومن ریسورس اینڈ ریمو نیویشن کمیٹی | آڈٹ کمیٹی | بورڈ | کل تعداد اجلاس |
|-------------------------------------|-----------|------|-------------------------------|
| 2 | 5 | 5 | اجلاس میں ڈائریکٹران کی شرکت: |
| لاگو نہیں | لاگو نہیں | 5 | جناب میاں اسد حمید |
| 1 | لاگو نہیں | 5 | جناب میاں ظفر حمید |
| 2 | لاگو نہیں | 5 | جناب سعید اقبال خان |
| لاگو نہیں | لاگو نہیں | 4 | جناب میاں محمد علی حمید |
| لاگو نہیں | لاگو نہیں | 5 | محترمہ سائرہ اسد حمید |
| لاگو نہیں | 5 | 5 | جناب احسن اعجاز |
| لاگو نہیں | 5 | 5 | محترمہ ثناء سلیمان |
| 1 | 4 | 5 | جناب انوار علی |
| 2 | لاگو نہیں | 4 | جناب حمزہ امجد وزیر |

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

سال کے دوران ڈائریکٹر ٹریننگ پروگرام:

کمپنی سرٹیفیکیشن آف ڈائریکٹر ٹریننگ پروگرام کی پیروی میں ہے۔

(9) میں سے چار (4) ڈائریکٹران نے ایس ای سی پی کے منظور شدہ اداروں سے ڈائریکٹر ٹریننگ پروگرام حاصل کیا ہے جبکہ تین (3) ڈائریکٹران کولسٹیڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز

2017 کے تحت استثناء حاصل ہے

شیر ہولڈنگ کی ترتیب:

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

کمپنی کے حصص میں تجارت:

سال کے دوران ڈائریکٹران، ایگزیکٹوز اور ان کی بیویوں اور تابع بچوں کی طرف سے حصص میں تجارت۔



حصص کی خرید و فروخت اور ان میں تبدیلی:
ڈائریکٹران اور ایگزیکٹوز:

| فروخت حصص | خرید حصص | |
|------------|--|-----------|
| - | (بشمول 1,436,963 بونس حصص اور 15,331 وراثتی حصص) | 1,460,811 |
| 9,281 | (950 بونس حصص اور 15,331 وراثتی حصص) | 16,281 |
| - | (بونس حصص) | 217,355 |
| - | (بونس حصص) | 154,174 |
| - | (بونس حصص) | 399,824 |
| - | (بونس حصص) | 2,280 |
| - | (بونس حصص) | 106 |
| - | (بونس حصص) | 190 |
| - | (بونس حصص) | 105 |
| - | (بونس حصص) | 2,383 |
| شریک حیات: | | |
| - | (بونس حصص) | 3,800 |
| - | (بونس حصص) | 3,792 |
| - | (بونس حصص) | 238 |
| - | (بونس حصص) | 58,803 |
| - | (بونس حصص) | 238 |

بورڈ، کمیٹیوں اور انفرادی ڈائریکٹران کی کارکردگی کی جانچ پڑتال:

بورڈ نے اپنی کمیٹیوں اور انفرادی ڈائریکٹران کی کارکردگی کی جانچ پڑتال کے لئے ایک طریقہ کار اختیار کیا ہے۔

اس سال کے دوران، ہیومن ریسورس اینڈ ریویو نیریشن کمیٹی نے جانچ پڑتال کا عمل کیا ہے۔ نتائج کو اکٹھا کر کے بورڈ کے غور و خوض اور کارروائی کے لئے پیش کیا گیا تاکہ اگر کہیں بہتری کے لئے نشاندہی کی گئی ہے تو عمل میں لائی جاسکے۔

آڈیٹرز:

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

ملازمین سے تعلقات:

انتظامیہ اور 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 حصص داران، گاہکوں، سپلائرز اور مالی اداروں کے کمپنی کے ساتھ مسلسل تعاون کرنے پر بھی شکر گزار ہیں۔

لاہور:

24 ستمبر 2018

بورڈ آف ڈائریکٹرز کی جانب سے

Saeed

سعید اقبال خان

ڈائریکٹر

M. Iqbal

میاء اسد حمید

چیف ایگزیکٹو



SAZGAR ENGINEERING WORKS LIMITED

SUMMARY OF LAST SIX YEARS' FINANCIAL RESULTS

ANNEXURE-A

| Description | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
|---|---------------|---------------|---------------|---------------|---------------|---------------|
| | R U P E E S | | | | | |
| | Re-stated | | | | | |
| Profit & Loss Account: | | | | | | |
| Turnover | 3,968,217,110 | 3,618,144,493 | 2,873,866,541 | 2,473,657,974 | 2,105,849,488 | 1,881,495,911 |
| Gross Profit | 444,912,891 | 379,481,004 | 288,686,425 | 234,215,035 | 208,540,462 | 202,618,920 |
| Operating Profit | 247,993,771 | 202,980,483 | 149,453,460 | 104,654,299 | 90,089,120 | 100,159,619 |
| Profit before taxation | 254,678,642 | 204,113,745 | 153,957,796 | 99,655,475 | 87,627,820 | 96,090,726 |
| Profit after taxation | 186,005,018 | 142,821,941 | 107,669,738 | 73,682,904 | 60,441,273 | 66,507,038 |
| Statement of Financial Position | | | | | | |
| Paid up share capital | 215,668,420 | 179,723,680 | 179,723,680 | 179,723,680 | 179,723,680 | 179,723,680 |
| Accumulated Profit | 741,695,967 | 594,064,626 | 509,691,079 | 437,195,803 | 402,542,633 | 377,922,599 |
| Fixed Capital Expenditure | 708,814,230 | 533,057,992 | 244,653,763 | 250,828,978 | 259,271,383 | 252,105,344 |
| Other long term assets | 21,119,673 | 17,256,294 | 14,894,352 | 11,414,241 | 8,490,522 | 7,151,506 |
| Net current assets / (liabilities) | 387,033,041 | 361,809,654 | 548,424,835 | 461,424,514 | 408,993,285 | 387,959,590 |
| Long term liabilities | 159,602,557 | 138,335,634 | 118,558,191 | 106,748,250 | 94,488,877 | 89,570,160 |
| Significant Ratios: | | | | | | |
| Gross profit ratio % | 11.21 | 10.49 | 10.05 | 9.47 | 9.90 | 10.77 |
| Profit/(loss) before tax ratio % | 6.42 | 5.64 | 5.36 | 4.03 | 4.16 | 5.11 |
| Fixed assets turnover ratio % | 559.84 | 678.75 | 1,174.67 | 986.19 | 812.22 | 746.31 |
| Price earning ratio - times | 33.04 | 41.36 | 6.26 | 11.27 | 12.49 | 6.79 |
| Return on capital employed % (Before I & Tax) | 22.20 | 22.25 | 18.50 | 14.46 | 13.31 | 15.48 |
| Return on equity ratio (after Tax) | 19.43% | 18.46% | 15.62% | 11.94% | 10.38% | 11.93% |
| Market value per share (PSX) Rs. | 284.98 | 273.93 | 31.25 | 38.50 | 35.00 | 20.94 |
| Break up value per share | 44.39 | 43.05 | 38.36 | 34.33 | 32.40 | 31.44 |
| Long term Debt : Equity ratio | 17 : 83 | 18 : 82 | 17 : 83 | 17 : 83 | 16 : 84 | 16:84 |
| Current ratio | 1.79 : 1 | 1.73 : 1 | 2.48 : 1 | 2.26 : 1 | 2.38 : 1 | 2.09:1 |
| Interest cover ratio - times | 53.02 | 115.06 | 56.39 | 14.39 | 14.47 | 10.5997531 |
| Cash Dividend % | | | | | | |
| Interim Dividend | - | 12.50 | 10.00 | 10.00 | 10.00 | - |
| Final Dividend | - | - | 15.00 | 10.00 | 10.00 | 10.00 |
| Scrip Dividend % | - | 20 | - | - | - | - |
| Earnings per share Rs. | 8.62 | 6.62 | 4.99 | 3.42 | 2.80 | 3.08 |

Note:

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



SAZGAR ENGINEERING WORKS LIMITED

FORM-34

THE COMPANIES ACT, 2017 (SECTION 227)
PATTERN OF SHAREHOLDING AS ON JUNE 30, 2018

ANNEXURE - B

Registration Number: 0025184

| NUMBER OF SHAREHOLDERS | SHAREHOLDING | | | TOTAL SHARES HELD | PERCENTAGE % |
|------------------------|--------------|---|-----------|-------------------|--------------|
| | FROM | | TO | | |
| 319 | 1 | - | 100 | 11,902 | 0.06% |
| 163 | 101 | - | 500 | 44,514 | 0.21% |
| 90 | 501 | - | 1,000 | 66,920 | 0.31% |
| 232 | 1,001 | - | 5,000 | 466,008 | 2.16% |
| 40 | 5,001 | - | 10,000 | 273,855 | 1.27% |
| 18 | 10,001 | - | 15,000 | 229,990 | 1.07% |
| 12 | 15,001 | - | 20,000 | 211,211 | 0.98% |
| 7 | 20,001 | - | 25,000 | 161,545 | 0.75% |
| 4 | 25,001 | - | 30,000 | 109,286 | 0.51% |
| 1 | 35,001 | - | 40,000 | 40,000 | 0.19% |
| 1 | 45,001 | - | 50,000 | 50,000 | 0.23% |
| 1 | 50,001 | - | 55,000 | 54,145 | 0.25% |
| 2 | 60,001 | - | 65,000 | 123,855 | 0.57% |
| 2 | 70,001 | - | 75,000 | 149,292 | 0.69% |
| 1 | 85,001 | - | 90,000 | 89,572 | 0.42% |
| 1 | 90,001 | - | 95,000 | 90,068 | 0.42% |
| 1 | 95,001 | - | 100,000 | 100,000 | 0.46% |
| 2 | 100,001 | - | 105,000 | 203,400 | 0.94% |
| 1 | 130,001 | - | 135,000 | 134,000 | 0.62% |
| 1 | 170,001 | - | 175,000 | 173,167 | 0.80% |
| 1 | 190,001 | - | 195,000 | 192,901 | 0.89% |
| 1 | 265,001 | - | 270,000 | 270,000 | 1.25% |
| 1 | 325,001 | - | 330,000 | 329,000 | 1.53% |
| 1 | 365,001 | - | 370,000 | 368,291 | 1.71% |
| 1 | 725,001 | - | 730,000 | 725,100 | 3.36% |
| 1 | 945,001 | - | 950,000 | 949,552 | 4.40% |
| 1 | 1,010,001 | - | 1,015,000 | 1,013,900 | 4.70% |
| 1 | 1,225,001 | - | 1,230,000 | 1,228,733 | 5.70% |
| 1 | 1,275,001 | - | 1,280,000 | 1,275,427 | 5.91% |
| 1 | 1,360,001 | - | 1,365,000 | 1,361,330 | 6.31% |
| 1 | 2,045,001 | - | 2,050,000 | 2,046,100 | 9.49% |
| 1 | 3,535,001 | - | 3,540,000 | 3,538,389 | 16.41% |
| 1 | 5,485,001 | - | 5,490,000 | 5,485,389 | 25.43% |
| 912 | | | | 21,566,842 | 100% |

| CATEGORIES OF SHAREHOLDERS | NUMBER OF SHARES HELD | % OF SHAREHOLDING |
|---|-----------------------|-------------------|
| I Directors, Chief Executive Officer, Their Spouse And Minor Children | 14,302,497 | 66.32% |
| II Associated Companies, Undertakings & Related Parties | - | - |
| III NIT and ICP | - | - |
| IV Banks, Development Financial Institutions, Non Banking Takaful, Financial Institutions | 9,450 | 0.04% |
| V Insurance Companies | - | - |
| VI Modarabas and Mutual Funds | 24,475 | 0.11% |
| VII Shareholders Holding Ten Percent and above | 11,527,938 | 53.45% |
| VIII General Public | | |
| a. Local | 6,501,494 | 30.15% |
| b. Foreign | - | - |
| IX Others (to be specified) | | |
| Joint Stock Companies | 713,999 | 3.31% |

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 |
|---|------------------------|-----------------------|
| I Associated Companies Undertakings & Related Parties | Nil | - |
| II Mutual Funds | Nil | - |
| III Directors, Chief Executive, Their Spouse And Minor Children | 14 | 14,302,497 |
| i. Mr. Mian Asad Hameed | 1 | 9,023,778 |
| ii. Mr. Mian Zafar Hameed | 1 | 12,000 |
| iii. Mr. Mian Muhammad Ali Hameed | 1 | 2,504,160 |
| iv. Mr. Saeed Iqbal Khan | 1 | 965,617 |
| v. Mrs. Saira Asad Hameed | 1 | 1,361,330 |
| vi. Mrs. Sana Suleyman | 1 | 14,280 |
| vii. Mr. Ahsan Ejaz | 1 | 1,190 |
| viii. Mr. Humza Amjad Wazir | 1 | 662 |
| ix. Mr. Anwar Ali | 1 | 655 |
| x. Mrs. Amina Humza Wazir W/o Mr. Humza Amjad Wazir | 1 | 23,750 |
| xi. Mrs. Naghmana Saeed W/o Mr. Saeed Iqbal Khan | 1 | 368,291 |
| xii. Mrs. Amberen Zafar Hameed W/o Mian Zafar Hameed | 1 | 1,492 |
| xiii. Mrs. Navin Anwar Ali W/o Mr. Anwar Ali | 1 | 1,492 |
| xiv. Mr. Muhammad Suleyman Khan spouse of Mrs. Sana Suleyman | 1 | 23,800 |
| IV Executives | 1 | 14,927 |
| V Public Sector Companies and Corporation | Nil | |
| VI Banks, Development Financial Institutions, Non Banking Finance Companies, Insurance Companies, Takaful Modarabas, Pension Funds | 5 | 33,925 |
| VII Shareholders Holding Five Percent or More Voting Interests | 4 | 14,935,368 |
| i. Mr. Mian Asad Hameed | 1 | 9,023,778 |
| ii. Mr. Mian Muhammad Ali Hameed | 1 | 2,504,160 |
| iii. Mr. Munaf Ibrahim | 1 | 2,046,100 |
| iv. Mrs. Saira Asad Hameed | 1 | 1,361,330 |


MIAN ASAD HAMEED
CHIEF EXECUTIVE


SAEED IQBAL KHAN
DIRECTOR



STATEMENT OF VALUE ADDITION AND ITS DISTRIBUTION

| June 30, 2018 | % | June 30, 2017 | % |
|------------------|---|------------------|---|
|------------------|---|------------------|---|

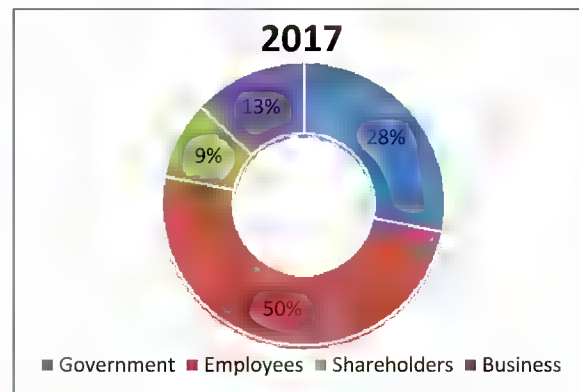
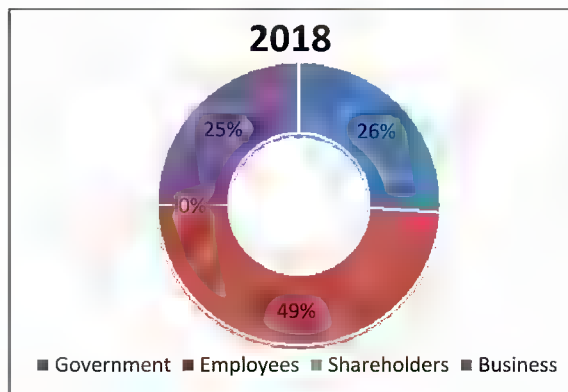
Rupees

VALUE ADDITION

| | | |
|--|--------------------|--------------------|
| Net Sales | 3,968,217,110 | 3,618,144,493 |
| Other Operation Income | 11,580,630 | 2,922,832 |
| Cost of sales and other expenses excluding employees' remuneration & custom duties | (3,227,873,737) | (2,956,278,508) |
| Operating Expenses excluding employees' remuneration | (8,585,904) | (11,470,552) |
| Finance Cost | (4,895,759) | (1,789,570) |
| TOTAL VALUE ADDITION | 738,442,340 | 651,528,695 |

VALUE DISTRIBUTION

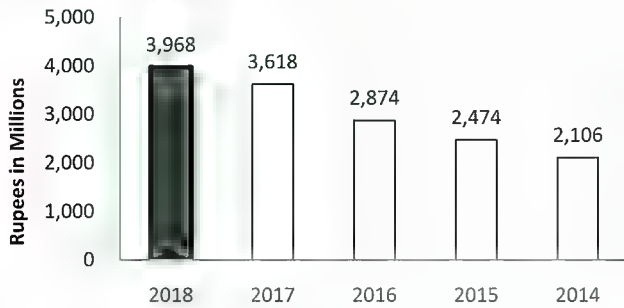
| | | | | |
|-------------------------------------|--------------------|-------------|--------------------|-------------|
| To Government | | | | |
| Worker Welfare Fund | 4,823,328 | | 4,238,497 | |
| Income Tax & Custom Duties | 186,862,576 | | 179,480,756 | |
| | 191,685,904 | 26% | 183,719,253 | 28% |
| To Employees | | | | |
| Workers' profits participation fund | 13,799,050 | | 10,994,813 | |
| Employees remuneration | 346,952,368 | | 313,992,688 | |
| | 360,751,418 | 49% | 324,987,501 | 50% |
| To Shareholders | | | | |
| Dividend | - | 0% | 58,410,196 | 9% |
| Retained in Business | | | | |
| Retained profits | 186,005,018 | 25% | 84,411,745 | 13% |
| TOTAL VALUE DISTRIBUTION | 738,442,340 | 100% | 651,528,695 | 100% |



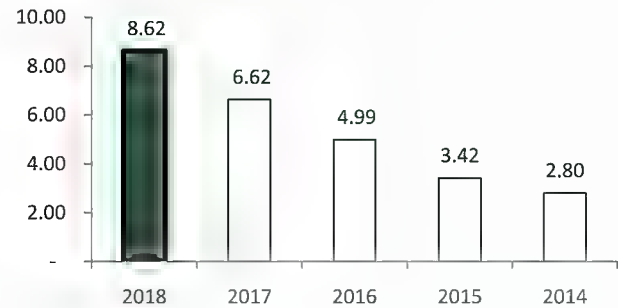


FINANCIAL PERFORMANCE

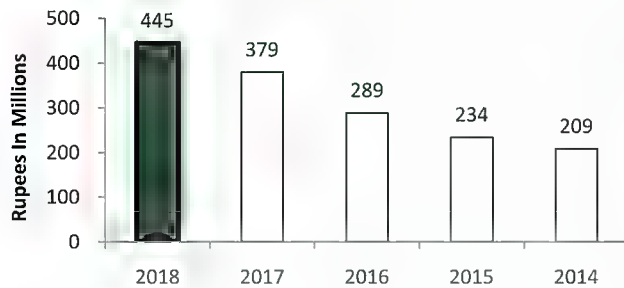
Turnover



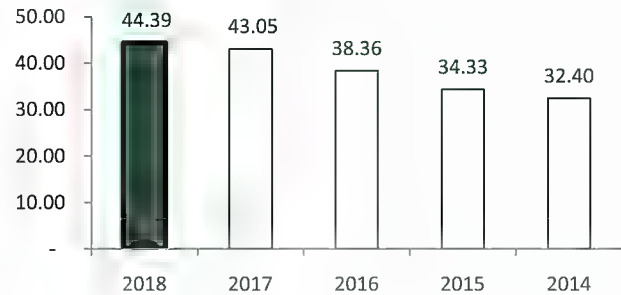
Earnings per share Rs.



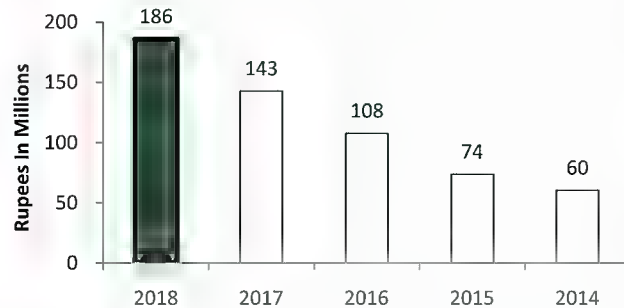
Gross Profits



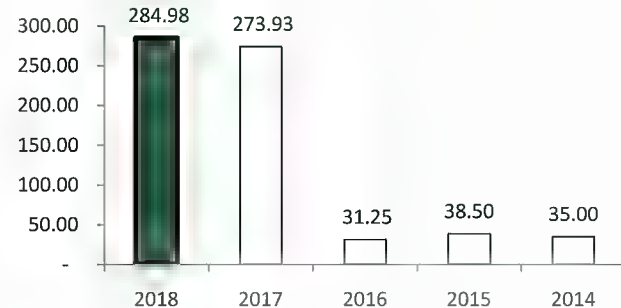
Break up value per share Rs.



Net profit After tax



Market value per share (PSX) Rs.





Independent Auditor's Review Report to the Members of Sazgar Engineering Works Limited

Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2017

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of Sazgar Engineering Works Limited (the Company) for the year ended June 30, 2018 in accordance with the requirements of regulation 40 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. 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 Regulations.

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 of Directors' 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 Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. 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 of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that 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 requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2018.

HYK & Co.

H.Y.K and Company
Chartered Accountants

Lahore: September 24, 2018



STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2017

NAME OF COMPANY: SAZGAR ENGINEERING WORKS LIMITED

YEAR ENDING: JUNE 30, 2018

The company has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are (9) nine as per the following:

- a. Male: (7) seven
- b. Female: (2) two

2. The composition of board is as follows:

| | | |
|----|-------------------------------|--|
| a) | Independent Directors | Mr. Ahsan Ejaz, Mr. Anwar Ali |
| b) | Other Non-Executive Directors | Mrs. Saira Asad Hameed, Mr. Mian Zafar Hameed, Mrs. Sana Suleyman, Mr. Humza Amjad Wazir |
| c) | Executive Directors | Mr. Mian Asad Hameed, Mr. Saeed Iqbal Khan, Mr. Mian Muhammad Ali Hameed |

3. The directors have confirmed that none of them is serving as a director on more than five listed companies, including this Company.

4. 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.

5. The board has developed a vision/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.

6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by board/shareholders as empowered by the relevant provisions of the Act and these Regulations.

7. The meetings of the board were presided over by the Chairman and, in her absence, by a director elected by the board for this purpose. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.

8. The board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.

9. Directors' Training program requirements have been complied with. No Director obtained the training during the year.

10. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.

11. CFO and CEO duly endorsed the financial statements before approval of the board.

12. The board has formed committees comprising of members given below:

| S.No. | Name of Committees | Name of Members and Chairman |
|-------|-------------------------------|---|
| a) | Audit Committee | Chairman: Mr. Ahsan Ejaz Members: Mrs. Sana Suleyman, Mr. Anwar Ali |
| b) | HR and Remuneration Committee | Chairman: Mr. Anwar Ali Members: Mr. Saeed Iqbal Khan, Mr. Humza Amjad Wazir |

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.



14. The frequency of meetings (quarterly/half yearly/ yearly) of the committee were as per following:

| Committee | Frequency |
|-------------------------------|-----------------------------|
| Audit Committee | Quarterly, Yearly |
| HR and Remuneration Committee | Yearly, as and when require |

15. The board has set up an effective internal audit function.

16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered with Audit Oversight Board 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 the ICAP.

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.

18. We confirm that all other requirements of the Regulations have been complied with.

For and on behalf of the Board

Lahore:
September 24, 2018


MIAN ASAD HAMEED
CHIEF EXECUTIVE


SAEED IQBAL KHAN
DIRECTOR



Independent Auditor's Report to the Members of Sazgar Engineering Works Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of Sazgar Engineering Works Limited (the Company), which comprise the statement of financial position as at June 30, 2018, and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, 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 the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), 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, 2018 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

| S. No. | Key audit matters | How the matters were addressed in our audit |
|--------|--|--|
| 1 | <p>Revenue recognition</p> <p>The Company generates revenue from sale of goods to domestic as well as export customers.</p> <p>Refer notes 4.13 and 27 to the financial statements.</p> <p>We identified revenue recognition as key audit matter as it is one of the key performance indicators of the Company, which give rise to an inherent risk of the existence and the accuracy of the revenue.</p> | <p>Our audit procedures to assess the recognition of revenue, amongst others, included the following:</p> <ul style="list-style-type: none">• Obtaining an understanding of and assessing the design and operating effectiveness of controls designed to ensure that revenue is recognized in the appropriate accounting period;• Assessing the appropriateness of the Company's accounting policies for revenue recognition and compliance of those policies with applicable accounting standards;• Comparing a sample of revenue transactions recognized during the year with the sale invoices, delivery challans and other relevant underlying documentation;• Comparing, on a sample basis, specific revenue transactions recorded before and after the reporting date with underlying documentation to assess |



| | | |
|---|---|--|
| | | <p>whether revenue has been recognized in the appropriate accounting period; and</p> <ul style="list-style-type: none"> Inspecting credit notes issued to record sales returns subsequent to year end, if any. |
| 2 | <p>Capital Expenditures and Capitalization of Property, Plant and Equipment</p> <p>The Company has made significant capital expenditure on four wheeler projects.</p> <p>Refer notes 4.3 and 16 to the financial statements.</p> <p>We identified capitalization and capital expenditure of property, plant and equipment as key audit matter because there is a risk that amounts being capitalized may not meet the capitalization criteria.</p> | <p>Our audit procedures to assess the capital expenditures and capitalization of property, plant and equipment and Capital Work in Progress, amongst others, include the following,</p> <ul style="list-style-type: none"> Understanding the design and implementation of management controls over capitalization and performing tests of control over authorization of capital expenditure & capitalization and accuracy of its recording in the system; Testing on sample basis, the costs incurred on assets with supporting documentation and contracts Assessing the nature of costs incurred for the capital assets through testing, on sample basis, of amounts recorded and considering whether the expenditure meets the criteria for capital nature as per the accounting policy and applicable accounting standards; and Inspecting supporting documents for the date of capitalization when asset was ready for its intended use to assess whether depreciation commenced and further capitalization of costs ceased |



| | | |
|--|--|--|
| | | from that date and assessing the useful life assigned by management including testing the calculation of related depreciation. |
|--|--|--|

Information Other than the Financial Statements and Auditor’s Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor’s report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the



going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a



going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- a) Proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the



- notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) Investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
 - d) No zakat was deducted at source under the Zakat and Usher Ordinance 1980.

The engagement partner on the audit resulting in this independent auditor's report is Muhammad Yousaf.

H.Y.K. & Co.

H.Y.K and Company
Chartered Accountants
Lahore

Date: September 24, 2018



SAZGAR ENGINEERING WORKS LIMITED

STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2018

| | Note | June 30, 2018 | June 30, 2017 |
|--|------|----------------------|----------------------|
| | | Rupees | Rupees |
| EQUITY AND LIABILITIES | | | |
| SHARE CAPITAL AND RESERVES | | | |
| Authorized share capital | 6.1 | 500,000,000 | 500,000,000 |
| Issued, subscribed and paid-up share capital | 6.2 | 215,668,420 | 179,723,680 |
| Revenue reserve - Un-appropriated Profit | | 741,695,967 | 594,064,626 |
| | | 957,364,387 | 773,788,306 |
| LIABILITIES | | | |
| NON CURRENT LIABILITIES | | | |
| Long term financing | 7 | - | - |
| Liabilities against assets subject to finance lease | 8 | - | - |
| Deferred Liabilities | 9 | 159,602,557 | 138,335,634 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 10 | 485,425,032 | 493,995,147 |
| Unclaimed dividend | | 1,621,865 | 2,173,778 |
| Mark-up & profit accrued on loans and other payables | 11 | 2,849,361 | 93,421 |
| Short term borrowings | 12 | - | - |
| Current portion of long term liabilities | 13 | - | 56,310 |
| | | 489,896,258 | 496,318,656 |
| CONTINGENCIES AND COMMITMENTS | | | |
| | 15 | - | - |
| TOTAL EQUITY AND LIABILITIES | | 1,606,863,202 | 1,408,442,596 |
| ASSETS | | | |
| NON CURRENT ASSETS | | | |
| Property, Plant and Equipment | 16 | 708,803,655 | 533,007,173 |
| Intangible Assets | 17 | 10,575 | 50,819 |
| LONG TERM LOANS AND ADVANCES | 18 | 18,120,968 | 14,869,157 |
| LONG TERM DEPOSITS | 19 | 2,998,705 | 2,387,137 |
| CURRENT ASSETS | | | |
| Stores, spares and loose tools | 20 | 3,765,161 | 2,728,731 |
| Stock-in-trade | 21 | 477,786,294 | 548,124,950 |
| Trade debts | 22 | 97,613,278 | 72,080,590 |
| Loans & advances | 23 | 13,396,450 | 10,796,759 |
| Trade deposits and short term prepayments | 24 | 136,474,876 | 33,107,316 |
| Other receivables | 25 | 112,568,437 | 123,987,074 |
| Cash and bank balances | 26 | 35,324,803 | 67,302,890 |
| | | 876,929,299 | 858,128,310 |
| TOTAL ASSETS | | 1,606,863,202 | 1,408,442,596 |

The annexed notes 1 to 47 form an integral part of these financial statements.


MIAN ASAD HAMEED
 CHIEF EXECUTIVE


SAEED IQBAL KHAN
 DIRECTOR


MUHAMMAD ATIF RAO
 CHIEF FINANCIAL OFFICER



PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2018

| | | June 30, 2018 | June 30, 2017 |
|---|------|--------------------|--------------------------|
| | Note | Rupees | Rupees |
| Sales - Net | 27 | 3,968,217,110 | 3,618,144,493 |
| Cost of sales | 28 | 3,523,304,219 | 3,238,663,489 |
| Gross Profit | | 444,912,891 | 379,481,004 |
| Distribution cost | 29 | 95,040,742 | 83,912,593 |
| Administrative expenses | 30 | 74,670,096 | 65,884,066 |
| Other operating expenses | 31 | 27,208,282 | 26,703,862 |
| | | 196,919,120 | 176,500,521 |
| | | 247,993,771 | 202,980,483 |
| Other income | 32 | 11,580,630 | 2,922,832 |
| Operating profit before finance cost | | 259,574,401 | 205,903,315 |
| Finance cost | 33 | 4,895,759 | 1,789,570 |
| Profit before taxation | | 254,678,642 | 204,113,745 |
| Taxation | 34 | 68,673,624 | 61,291,804 |
| Profit after taxation | | 186,005,018 | 142,821,941 |
| Earnings per share - Basic and diluted | 35 | 8.62 | Restated 6.62 |

The annexed notes 1 to 47 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, 2018

| | June 30, 2018 | June 30, 2017 |
|---|--------------------|------------------|
| Note | Rupees | Rupees |
| PROFIT AFTER TAXATION FOR THE YEAR | 186,005,018 | 142,821,941 |
| OTHER COMPREHENSIVE 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 | 9.1.2 (2,428,937) | (9,024,382) |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | 183,576,081 | 133,797,559 |

The annexed notes 1 to 47 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, 2018

| | Share Capital Rupees | Un-appropriated Profit Rupees | Total Rupees |
|--|----------------------------|-------------------------------------|---------------------|
| Balance as at June 30, 2016 | 179,723,680 | 509,691,079 | 689,414,759 |
| Transaction with owner, recognize directly in equity | | | |
| 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) |
| Total Transaction with owner, recognized directly in equity | - | (49,424,012) | (49,424,012) |
| Comprehensive Income for the year | | | |
| Profit after taxation | - | 142,821,941 | 142,821,941 |
| Other Comprehensive Loss | - | (9,024,382) | (9,024,382) |
| Total Comprehensive Income for the year ended June 30, 2017 | - | 133,797,559 | 133,797,559 |
| Balance as at June 30, 2017 | <u>179,723,680</u> | <u>594,064,626</u> | <u>773,788,306</u> |
| Balance as at June 30, 2017 | 179,723,680 | 594,064,626 | 773,788,306 |
| Transaction with owner, recognize directly in equity | | | |
| Issuance of bonus shares @ 20% (20 shares for every 100 ordinary shares held) | 35,944,740 | (35,944,740) | - |
| Total Transaction with owner, recognized directly in equity | 35,944,740 | (35,944,740) | - |
| Comprehensive Income for the year | | | |
| Profit after taxation | - | 186,005,018 | 186,005,018 |
| Other Comprehensive Loss | - | (2,428,937) | (2,428,937) |
| Total comprehensive income for the year ended June 30, 2018 | - | 183,576,081 | 183,576,081 |
| Balance as at June 30, 2018 | <u>215,668,420</u> | <u>741,695,967</u> | <u>957,364,387</u> |

The annexed notes 1 to 47 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, 2018

| | Note | June 30, | June 30, |
|---|------|----------------------|----------------------|
| | | 2018 | 2017 |
| | | Rupees | Rupees |
| CASH FLOW FROM OPERATING ACTIVITIES | | | |
| Cash generated from operations | 36 | 257,764,374 | 349,943,446 |
| Finance cost paid | | (2,139,819) | (1,701,685) |
| Income tax paid/deducted at source | | (86,795,075) | (75,846,196) |
| Employees retirement benefit - Gratuity Paid | | (3,723,134) | (4,921,002) |
| Workers Profit Participation Fund Paid | | - | (8,287,790) |
| Net cash generated from operating activities | | 165,106,346 | 259,186,773 |
| CASH FLOW FROM INVESTING ACTIVITIES | | | |
| Property, Plant and Equipment Purchased | | (195,864,642) | (310,514,722) |
| Increase in long term security deposits | | (611,568) | (950,000) |
| Proceeds from sale of Property, Plant and Equipment | | - | 2,400,689 |
| Net cash used in investing activities | | (196,476,210) | (309,064,033) |
| CASH FLOW FROM FINANCING ACTIVITIES | | | |
| Proceeds of short term borrowings | | 129,453,550 | - |
| Repayment of short term borrowings | | (129,453,550) | - |
| Repayment of finance lease | | (56,310) | (773,456) |
| Dividend Paid | | (551,913) | (48,944,527) |
| Net cash used in financing activities | | (608,223) | (49,717,983) |
| NET DECREASE IN CASH AND CASH EQUIVALENTS | | (31,978,087) | (99,595,243) |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR | | 67,302,890 | 166,898,133 |
| CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR | 37 | 35,324,803 | 67,302,890 |

The annexed notes 1 to 47 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, 2018

1 LEGAL STATUS AND NATURE OF BUSINESS

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

2 SIGNIFICANT TRANSACTIONS AND EVENTS AFFECTING THE COMPANY'S FINANCIAL POSITION AND PERFORMANCE

- 2.1 The exchange rate of USD to PKR has increased from PKR 104.89 as at June 30, 2017 to PKR 121.49 as at June 30, 2018.
- 2.2 The Steel prices rapidly increased in local and international market during the year.
- 2.3 The new disclosure requirement has been introduced due to promulgation of Companies Act, 2017.
- 2.4 The Company has purchased additional piece of land and incurred major capital expenditure on four wheeler project, mentioned in note no. 16.1 and 16.3.
- 2.5 The detailed discussion of Company's performance is mentioned in Directors' report.

3 BASIS OF PREPARATION

3.1 Statement of Compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of; International Financial Reporting Standards (IFR Standards) issued by the International Accounting Standards Board (IASB) as notified under the companies Act, 2017 and provisions of and directives issued under the Companies Act, 2017. Where provisions of and directives issued under the Companies Act, 2017 differ from the IFR Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

3.2 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.

3.3 Functional and Presentation Currency

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

3.4 New accounting standards, IFRIC interpretations, amendments to the published approved accounting standards and Companies Act, 2017 that are effective in current year:

Certain standards, amendments and interpretations of approved accounting standards are effective for accounting periods beginning on July 01, 2017 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:

- 3.4.1 IAS 7 - Cash flow statements: Disclosure initiative' (effective for periods beginning on or after January 1, 2017). This amendment requires disclosure to explain changes in liabilities for which cash flows have been, or will be classified as financing activities in the statement of cash flows. The amendment only covers statement of financial position items for which cash flows are classified as financing activities. In case other items are included within the reconciliation, the changes in liabilities arising from financing activities will be identified separately. A reconciliation of the opening to closing balance is not specifically required but instead the information can be provided in other ways. In the first year of adoption, comparative information need not be provided. The Company's current accounting treatment is already in line with the requirements of this standard.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

3.4.2 IAS 12 - Income taxes (Amendment) on recognition of deferred tax assets for unrealised losses. These amendments on the recognition of deferred tax assets for unrealised losses clarify how to account for deferred tax assets related to debt instruments measured at fair value. The amendments clarify the existing guidance under IAS 12. They do not change the underlying principles for the recognition of deferred tax assets. Further, there are no debt in instruments measured at fair value. The Company's current accounting treatment is already in line with the requirements of this standard.

3.4.3 The Companies Act, 2017 promulgated in the current financial year. The Companies Act, 2017 also revised 4th schedule of the Companies Ordinance, 1984 and brought changes in the presentation and disclosures of financial statement of the listed companies. These changes are applicable for the first time to the Company for the financial statements for the year ended June 30, 2018. The specific additional disclosure have been disclosed in relevant heads of these financial statements.

The above standards, amendments, interpretations and Companies Act, 2017 changes are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements except for increased disclosures in certain cases.

3.5 **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, 2018 but are considered not to be relevant or to have any significant effect on the Company's operations:

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

4 SIGNIFICANT ACCOUNTING POLICIES

4.1 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.

4.2 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.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

4.3 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. 16.1 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.

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.

4.4 Impairment of fixed assets

The company assesses at each statements of financial position 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.

4.5 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 statement of financial position 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.

4.6 Loan, advances and Prepayments

These are recognized at cost, which is fair value of the consideration given. However, an assessment is made at each statement of financial position 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 determined and any impairment loss is recognized for the difference between the recoverable amount.

4.7 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.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

4.8 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 statement of financial position 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.

Deferred

Deferred tax is accounted for using the statement of financial position 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 statement of financial position 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.

4.9 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.

4.10 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.

4.11 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.

4.12 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 statement of financial position date. All exchange differences are charged to Profit and Loss Account.

4.13 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, 2018

4.14 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.

4.15 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.

4.16 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position 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.

4.17 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.

4.18 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 statement of financial position 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.

4.19 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.

4.20 Offsetting of financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount is reported in the statement of financial position 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.

4.21 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, 2018

4.22 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.

4.23 Dividends

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

4.24 Warranty Expenses

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

5 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. | 4.1 |
| b) Useful life of depreciable Property, Plant and Equipment and amortizable Intangible | 4.3 & 4.5 |
| c) Taxation | 4.8 |
| d) Stock in trade | 4.11 |
| e) Contingencies and Commitments | 15 |

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.

6 SHARE CAPITAL

6.1 AUTHORIZED SHARE CAPITAL

| June 30, 2018 Number | June 30, 2017 Number | | Note | June 30, 2018 Rupees | June 30, 2017 Rupees |
|----------------------------|----------------------------|-----------------------------------|------|----------------------------|----------------------------|
| 50,000,000 | 50,000,000 | Ordinary shares of Rupees 10 each | | 500,000,000 | 500,000,000 |

6.2 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 |
| 14,403,842 | 10,809,368 | Ordinary shares of Rupees 10 each allotted as bonus shares | 6.2.1 | 144,038,420 | 108,093,680 |
| 21,566,842 | 17,972,368 | | | 215,668,420 | 179,723,680 |

6.2.1 These shares include 3,594,474 bonus shares of Rs.10 each (June 30, 2017: Nil) issued by the company during the current year.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

| | Note | June 30, 2018 Rupees | June 30, 2017 Rupees |
|---|--|----------------------------|----------------------------|
| 7 LONG TERM FINANCING | | | |
| DIMINISHING MUSHARAKAH - Islamic banking | | | |
| MCB Islamic Bank Limited. | 7.1 | - | - |
| Meezan Bank Limited | 7.2 | - | - |
| 7.1 Total amount of facility available from MCB Islamic Bank Limited under Diminishing Musharakah arrangement is Rs.275.00 million (June 30, 2017: Nil) for acquisition of four wheeler Plant & Machinery and repayable in equal quarterly installments in arrears. The maximum period of finance is six years including one year grace period (June 30,2017: Nil). The profit margin is charged at the rate of six month KIBOR plus 1.35% with floor of 7.00% and Cap of 18.00% (June 30, 2017: Nil). This facility is secured against first paripassu charge over fixed assets of the company of Rs.275.00 million with 25% margin (June 30, 2017: Nil) and over all present and future current assets of Rs. 375.00 million. The un-utilized amount of this facility as at statement of financial position date is Rs. 275.00 million (June 30, 2017: Nil). | | | |
| 7.2 Total amount of facility available from Meezan Bank Limited under Diminishing Musharakah arrangement is Rs.370.00 million (June 30, 2017: Nil) for acquisition of Plant & Machinery of four wheeler and repayable in equal quarterly installments in arrears. The maximum period of finance is six years including one year grace period (June 30,2017: Nil). The profit margin is charged at the rate of monthly KIBOR plus 1.75% with floor of 7.00% and Cap of 15.00% (June 30, 2017: Nil). This facility is secured against paripassu charge over fixed assets of the company amounting to Rs. 493.33 million (June 30, 2017: Nil) and personal guarantees of some of the directors. The un-utilized amount of this facility as at statement of financial position date is Rs. 370.00 million (June 30, 2017: Nil). | | | |
| 8 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE | | | |
| Present value of minimum lease payments | | - | 56,310 |
| Less: Current portion shown under current liabilities: | 13 | - | (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 |
| Less: Future finance charges | | - | 1,584 |
| Present value | | - | 56,310 |
| Due later than one year and not later than five years | | | |
| Minimum lease payments | | - | - |
| Less: Future finance charges | | - | - |
| Present value | | - | - |
| | | - | 56,310 |
| 8.1 | No lease agreement is valid as at June 30, 2018. | | |
| 9 DEFERRED LIABILITIES | | | |
| Employee benefits obligation | 9.1 | 139,269,648 | 116,308,552 |
| Deferred taxation | 9.2 | 20,332,909 | 22,027,082 |
| | | 159,602,557 | 138,335,634 |



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

| | | June 30, | June 30, | | | | |
|---|-------|----------------------|----------------------|-------------------------|---------------------|---------------------|---------------|
| | | 2018 | 2017 | | | | |
| | | Rupees | Rupees | | | | |
| 9.1 Employee benefits obligation | | | | | | | |
| 9.1.1 Movement in the present value of defined benefit obligations | Note | | | | | | |
| Present value of defined benefit obligations 1st July | | 116,308,552 | 93,494,529 | | | | |
| Current Service Cost | | 15,385,652 | 12,110,676 | | | | |
| Interest cost on defined benefit obligator | | 8,869,641 | 6,599,967 | | | | |
| Benefits due but not paid (payables) | | - | (280,952) | | | | |
| Benefits paid | | (3,723,133) | (4,640,050) | | | | |
| Actuarial (gain) / losses from changes in financial assumptions | | 435,488 | 153,124 | | | | |
| Experience Adjustments | | 1,993,449 | 8,871,258 | | | | |
| | | <u>139,269,648</u> | <u>116,308,552</u> | | | | |
| 9.1.2 Movement in the net liability recognized in the statement of financial position | | | | | | | |
| Net liability as at 1st July | | 116,308,552 | 93,494,529 | | | | |
| Expense recognized in the profit & loss account | 9.1.3 | 24,255,293 | 18,710,643 | | | | |
| Liability discharged during the year | | (3,723,134) | (4,640,050) | | | | |
| Benefit Payable transferred to Short Term Liability | | - | (280,952) | | | | |
| Re-measurement recognized in other comprehensive income | 9.1.6 | 2,428,937 | 9,024,382 | | | | |
| Net liability as at June 30 | | <u>139,269,648</u> | <u>116,308,552</u> | | | | |
| 9.1.3 Expense recognized in the profit & loss account | | | | | | | |
| Current service cost | | 15,385,652 | 12,110,676 | | | | |
| Interest cost | | 8,869,641 | 6,599,967 | | | | |
| | | <u>24,255,293</u> | <u>18,710,643</u> | | | | |
| 9.1.4 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 | | 18,727,673 | 14,517,362 | | | | |
| Administrative expenses | | 4,958,753 | 3,800,582 | | | | |
| Distribution cost | | 568,867 | 392,699 | | | | |
| | | <u>24,255,293</u> | <u>18,710,643</u> | | | | |
| 9.1.5 Year end sensitivity analysis(± 100 Bps) on Defined Benefit Obligation | | | June 30, 2018 | | | | |
| Discount Rate + 100 bps | | | 127,938,927 | | | | |
| Discount Rate - 100 bps | | | 152,629,712 | | | | |
| Salary Increase + 100 Bps | | | 152,876,050 | | | | |
| Salary Increase - 100 Bps | | | 127,523,012 | | | | |
| 9.1.6 Re-measurement recognized in Other Comprehensive Income | | | | | | | |
| Actuarial (gain) / losses from changes in financial assumptions | | 435,488 | 153,124 | | | | |
| Experiences adjustments | | 1,993,449 | 8,871,258 | | | | |
| Total re-measurement recognized in Other Comprehensive Income | | <u>2,428,937</u> | <u>9,024,382</u> | | | | |
| 9.1.7 Expected Benefit Payments for the Next 10 Years and Beyond | | | | | | | |
| | | Less than one | From 1 to 2 | From 2 to 5 Year | From 5 to 10 | More Than 10 | Total |
| | | Year | Year | Year | Year | Years | |
| | | Rupees | | | | | |
| As At June 30, 2018 | | | | | | | |
| Defined Benefit Obligations | | 25,892,415 | 20,425,433 | 33,458,129 | 97,904,967 | 1,281,260,658 | 1,458,941,602 |

9.1.8 The amount of expected expense of gratuity benefit in 2018-19 will be Rs. 28,658,368/- as per the actuary's report.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

9.1.9 The average duration of defined benefit obligation (unfunded) is 9 years (June 30, 2017, 9 Years).

9.1.10 Principal actuarial assumptions

The company has carried out actuarial valuation as at June 30, 2018 under the 'Projected Unit Credit Actuarial Cost Method'. The main assumptions used for actuarial valuation are as follows:

| | Note | June 30, | June 30, |
|---|------|----------------------------------|----------------------------------|
| | | 2018 | 2017 |
| | | Rupees | Rupees |
| Discount rate for year end Obligation | | 9.00 % p.a. | 7.75 % p.a. |
| Discount rate for interest cost in P&L charge | | 7.75 % p.a. | 7.25 % p.a. |
| Expected rate of future salary increase | | 8.00 % p.a. | 6.75 % p.a. |
| Mortality rates | | SLIC 2001-2005 Setback 1 Year | SLIC 2001-2005 Setback 1 Year |
| Retirement age assumption | | 60 Years | 60 Years |

9.2 Deferred taxation

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

| | | |
|---|-------------------|-------------------|
| Accelerated depreciation for tax purposes | 20,332,909 | 22,044,262 |
| Liabilities under finance lease that are deducted for tax purposes only when paid | - | (17,180) |
| | <u>20,332,909</u> | <u>22,027,082</u> |

10 TRADE AND OTHER PAYABLES

| | | | |
|--|------|--------------------|--------------------|
| Creditors | | 388,475,670 | 398,537,709 |
| Advances from trade customers | | 7,785,912 | 24,689,923 |
| Accrued liabilities | | 49,089,050 | 14,373,886 |
| Murabaha Payable: (Islamic banking) | | | |
| Meezan Bank Limited | 10.1 | - | 26,874,842 |
| Habib Bank Limited | 12.3 | - | 3,561,718 |
| MCB Islamic Bank Limited | 10.2 | - | - |
| United Bank Limited | 10.3 | - | - |
| Allied Bank Limited | 10.4 | - | - |
| Income tax deducted at source | | 10,285,150 | 10,645,379 |
| Payable towards: | | | |
| Workers' Profit Participation Fund | 10.5 | 24,793,863 | 10,994,813 |
| Workers' Welfare Fund | 10.6 | 4,995,387 | 4,316,877 |
| | | <u>485,425,032</u> | <u>493,995,147</u> |

10.1 Total amount of facility available from Meezan Bank Limited under Murabaha arrangement is Rs.200.00 million (June 30, 2017: Rs. 100.00 Million) for a maximum period of 180 days (June 30,2017: 180 Days). The profit margin is charged at the rate of preceding day respective KIBOR plus 1.25% (June 30, 2017: 2.00%). This facility is secured against paripassu charge over fixed assets (Land, Building and Machinery) of the company amounting to Rs. 268.00 million (June 30, 2017: Rs. 134.00 Million) with 25% margin (June 30, 2017: 25%), paripassu charge over current assets of the company amounting to Rs. 200.00 million (June 30, 2017: 100.00 Million) and personal guarantees of some of the directors. The un-utilized amount of this facility as at statement of financial position date is Rs. 200.00 million (June 30, 2017: Rs. 73.13 Million).



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

- 10.2** Total amount of facility available from MCB Islamic Bank Limited under Murabaha arrangement is Rs.275.00 million (June 30, 2017: Nil) for a maximum period of 180 days (June 30,2017: Nil). This is a sublimit of Diminishing Musharakah. The profit margin is charged at the rate of matching KIBOR plus 1.15% (June 30, 2017: Nil). This facility is secured against first paripassu charge of Rs. 275.00 million over fixed assets of the company with 25% margin (June 30, 2017: Nil) and over current assets Rs. 375.00 million of the company. The un-utilized amount of this facility as at statement of financial position date is Rs. 275.00 million (June 30, 2017: Nil).
- 10.3** Total amount of facility available from United Bank Limited under Murabaha arrangement is Rs.200.00 million (June 30, 2017: Nil) for a maximum period of 180 days (June 30,2017: Nil). The profit margin is charged at the rate of matching KIBOR plus 1.10% (June 30, 2017: Nil). This facility is secured against first paripassu charge of Rs. 200.00 million over fixed assets of the company with 25% margin (June 30, 2017: Nil), first paripassu charge over current assets Rs. 200.00 million of the company with 25% margin (June 30, 2017: Nil) and personal guarantees of some of the directors. The un-utilized amount of this facility as at statement of financial position date is Rs. 200.00 million (June 30, 2017: Nil).
- 10.4** During the year, The Company has shifted its facilities from Conventional banking to Islamic banking. Therefore comparative figures are related to conventional banking. The total amount of facility available from Allied Bank Limited under Murabaha arrangement is Rs. 90.00 million (June 30, 2017: FATR of Rs. 48.00 million) for a maximum period of 180 days (June 30,2017: 180). The profit margin is charged at the rate of three month KIBOR plus 2.00% (June 30, 2017: 2.00%). This facility is secured against paripassu charge over fixed assets Rs. 185.00 of the company with 25% margin (June 30, 2017: 25%), paripassu charge over current assets Rs. 110.00 million of the company with 25% margin (June 30, 2017: 25%) and personal guarantees of some of the directors. The un-utilized amount of this facility as at statement of financial position date is Rs. 90.00 million (June 30, 2017: FATR of Rs. 48.00 million).

| | | June 30, 2018 Rupees | June 30, 2017 Rupees |
|-------------|--|----------------------------|----------------------------|
| 10.5 | Workers' Profit Participation Fund | | |
| | Balance at beginning of the year | 10,994,813 | 8,287,790 |
| | Charged during the year | 13,799,050 | 10,994,813 |
| | | 24,793,863 | 19,282,603 |
| | Payment made during the year | - | (8,287,790) |
| | | <u>24,793,863</u> | <u>10,994,813</u> |
| 10.6 | Workers' Welfare Fund | | |
| | Balance at beginning of the year | 4,316,877 | 3,128,844 |
| | Charged during the year | 4,995,387 | 4,316,877 |
| | Adjustment for prior years | (172,059) | (78,380) |
| | Charged to Profit & Loss account | 4,823,328 | 4,238,497 |
| | | 9,140,205 | 7,367,341 |
| | Payment made during the year | (4,144,818) | (3,050,464) |
| | | <u>4,995,387</u> | <u>4,316,877</u> |
| 11 | MARK-UP & PROFIT ACCRUED ON LOANS AND OTHER PAYABLES | | |
| | Short term borrowing - secured | 2,849,361 | - |
| | Liabilities against assets subject to finance lease | - | 625 |
| | Profit on Murabaha Payable | - | 92,796 |
| | | <u>2,849,361</u> | <u>93,421</u> |
| 12 | SHORT TERM BORROWINGS | | |
| | Secured | | |
| | Running finance under mark-up arrangements - Conventional | | |
| | Habib Bank Limited | 12.2 | - |
| | Finance against trust receipts - Conventional | | |
| | Habib Bank Limited | 12.3 | - |



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

| | Note | June 30, 2018 Rupees | June 30, 2017 Rupees |
|--|------|----------------------------|----------------------------|
| Running Musharakah arrangements - Islamic Banking | | | |
| Habib Bank Limited | 12.2 | - | - |
| Meezan Bank Limited | 12.4 | - | - |
| MCB Islamic Bank Limited | 12.5 | - | - |
| United Bank Limited | 12.6 | - | - |
| Allied Bank Limited | 12.7 | - | - |
| Istisna arrangements - Islamic Banking | | | |
| Meezan Bank Limited | 12.8 | - | - |
| Allied Bank Limited | 12.9 | - | - |
| | | - | - |

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

| 2018 | | |
|--------|--|--|
| Amount | Facilities under mark-up Finance arrangement | Facilities under Islamic Finance arrangement |
| 50 M | Running Finance | Running Musharka |
| 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 |
| 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 |

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.10). During the year, the Company opted for the Islamic Banking Facilities.

- 12.2 Total amount of running finance available under this facility is Rs. 50.00 million (June 30, 2017: Rs. 50.00 million) with an option to utilize under Running Musharakah Facility. The mark-up is charged at the rate of three months KIBOR + 2.5% per annum for running finance and 2.00% for Running Musharakah (June 30, 2017: three months average ask side KIBOR for running finance 2.50 % and running Musharakah: Nil). This facility is collaterally secured against First paripassu charge on fixed assets of Rs. 214.00 million (June 30, 2017: Rs. 214.00 million) and specifically secured against First paripassu Hypothecation Charge of Rs. 90.00 million (June 30, 2017: Rs. 90.00 million) with 20% margin (June 30, 2017: 20%) over current assets of the Company, comprising of raw material, work in process, finished goods, etc. and receivable and book debts of the Company. The un-utilized amount of this facility as at statement of financial position date is Rs 50.00 million (June 30, 2017: Rs. 50.00 million) .
- 12.3 Total amount available under this facility is Rs. 40.00 million (June 30, 2017: Rs. 40.00 million) with an option to utilize under Murabaha Facility, for a maximum period of 120 days (June 30, 2017: 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, 2017: three months average ask side KIBOR plus 2.50%, for FATR per annum and 2.00% for murabaha). This facility is collaterally secured against First paripassu charge of Rs. 214.00 million (June 30, 2017: 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, 2017: Rs. 90.00 million) over current assets of the Company, comprising of raw material, work in process, finished goods, receivable and book debts with 20% margin (June 30, 2017: 20%) of the Company, 5% Cash margin, (June 30, 2017: 5%), Trust Receipts and accepted bill of exchange. Out of this facility a sum of Nil (June 30, 2017: 3.56 million) has been utilized on account of Murabaha Facility (Note No.10) The balance un-utilized amount of this facility as at statement of financial position date is Rs. 40.00 million (June 30, 2017: Rs. 36.44) which can be used for opening of Letter of Credit.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

- 12.4 Total amount of facility available from Meezan Bank Limited under Running Musharakah arrangement is Rs. 60.00 million (June 30, 2017: Rs. 60.00 million). This facility is a sub-limit of murabaha facility of Rs. 200.00 million (June 30, 2017: Rs. 100.00 million) (Note No. 10.1). The profit margin is charged on quarterly basis at the rate of respective KIBOR plus 1.25% (June 30, 2017: 2.0%) per annum. This facility is secured against paripassu charge over fixed assets (Land, Building and Machinery) of the company amounting to Rs. 268.00 million (June 30, 2017: Rs. 134.00 million) with margin of 25% (June 30, 2017: 25%), paripassu charge over current assets of the company amounting to Rs. 200.00 million (June 30, 2017: Rs. 100.00 million) and personal guarantees of some of the directors. The un-utilized amount of this facility as at statement of financial position date is Rs. 60.00 million (June 30, 2017: Rs. 60.00 million).
- 12.5 Total amount of facility available from MCB Islamic Bank Limited under Running Musharakah arrangement is Rs. 100.00 million (June 30, 2017: Nil) as a sublimit of Diminishing Musharakah. The profit margin is charged at the rate of respective maching KIBOR plus 1.50% (June 30, 2017: Nil) per annum. This facility is secured against first paripassu charge over fixed assets Rs. 275.00 million (Land, Building and Machinery) of the company with margin of 25% (June 30, 2017: Nil), first paripassu charge over current assets of the company amounting to Rs. 375.00 million (June 30, 2017: Nil). The un-utilized amount of this facility as at statement of financial position date is Rs. 100.00 million (June 30, 2017: Nil).
- 12.6 Total amount of facility available from United Bank Limited under Running Musharakah arrangement is Rs. 200.00 million (June 30, 2017: Nil) as sublimit of Murabaha facility. The profit margin is charged on three month basis at the rate of respective KIBOR plus 1.10% (June 30, 2017: Nil) per annum. This facility is secured against paripassu charge of Rs. 200.00 million over fixed assets of the company with 25% margin (June 30, 2017: Nil), paripassu charge over current assets Rs. 200.00 million of the company with 25% margin (June 30, 2017: Nil) and personal guarantees of some of the directors. The un-utilized amount of this facility as at statement of financial position date is Rs. 200.00 million (June 30, 2017: Nil).
- 12.7 During the year, The Company has shifted its facilities from Conventional banking to Islamic banking. Therefore comparative figures are related to conventional banking. Total amount of facility available from Allied Bank Limited under Business Musharakah arrangement is Rs. 45.00 million (June 30, 2017: Running Finance Rs. 45.00 million). The profit margin is charged on three months basis at the rate of respective KIBOR plus 2.00% (June 30, 2017: 2.00%) per annum. This facility is secured against paripassu charge over fixed assets Rs. 185.00 of the company with 25% margin (June 30, 2017: 25%), paripassu charge over current assets Rs. 110.00 million of the company with 25% margin (June 30, 2017: 25%) and personal guarantees of some of the directors. The un-utilized amount of this facility as at statement of financial position date is Rs. 45.00 million (June 30, 2017: Running Finance Rs. 45.00 million).
- 12.8 Total amount of facility available from Meezan Bank Limited under Istisna arrangement is Rs. 40.00 million (June 30, 2017: Rs. 40.00 million) for a maximum period of 180 days (June 30, 2017: 180 days). This facility is a sub-limit of murabaha facility of Rs. 200 million (June 30, 2017: Rs. 100.00 million) (Note No. 10). The profit margin is charged at the rate of preceding day respective KIBOR plus 1.25% (June 30, 2017: 2.0%) per annum. This facility is secured against paripassu charge over fixed assets (Land, Building and Machinery) of the company amounting to Rs. 268.00 million (June 30, 2017: Rs. 134.00 million) with 25% margin (June 30, 2017: 25%), paripassu charge over current assets of the company amounting to Rs. 200.00 million (June 30, 2017: Rs. 100.00 million) and personal guarantees of some of the directors.. The un-utilized amount of this facility as at statement of financial position date is Rs. 40.00 million (June 30, 2017: Rs. 40.00 million).
- 12.9 During the year, The Company has shifted its facilities from Conventional banking to Islamic banking. Therefore comparative figures are related to conventional banking. Total amount of facility available from Allied Bank Limited under Istisna arrangement is Rs. 45.00 million (June 30, 2017: Nil) for a maximum period of 120 days (June 30, 2017: Nil). This facility is a sub-limit of Business Musharaka facility of Rs. 45.00 million (June 30, 2017: Nil) (Note No. 10.1). The profit margin is charged at the rate of respective six months KIBOR plus 2.00% (June 30, 2017: Nil) per annum. This facility is secured against paripassu charge over fixed assets Rs. 185.00 of the company with 25% margin (June 30, 2017: 25%), paripassu charge over current assets Rs. 110.00 million of the company with 25% margin (June 30, 2017: 25%) and personal guarantees of some of the directors. The un-utilized amount of this facility as at statement of financial position date is Rs. 40.00 million (June 30, 2017: Rs. 40.00 million).
- 12.10 During the year, The Company has shifted its facilities of Allied Bank Limited from Conventional banking to Islamic banking. Therefore comparative figures are related to conventional banking. The usage of total amount of facilities of Rs. 225.00 million (June 30, 2017: Rs. 143.00 million) available from Allied Bank Limited under Business Musharakah/Istisna/Murabaha/Import and local LC (Sight) is allowed in aggregate only to the extent of Rs. 135.00 million (June 30, 2017: Rs. 130.00 million) at any point of time.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

| 13 CURRENT PORTION OF LONG TERM LIABILITIES | Note | June 30, 2018 | June 30, 2017 |
|---|------|------------------|------------------|
| | | Rupees | Rupees |
| Liabilities against assets subject to finance lease | 8 | - | 56,310 |
| | | - | 56,310 |
| 14 PROVISION FOR TAXATION | | | |
| Balance at beginning | | - | 48,745,424 |
| Add: Provision for the Year | | | |
| -Current Year | | 72,893,882 | 65,454,307 |
| -Prior Year | | (2,526,084) | (1,182,232) |
| Less: Payment/Adjustment during the year | | (70,367,798) | (113,017,499) |
| | | - | - |

15 CONTINGENCIES AND COMMITMENTS

15.1 Contingencies

15.1.1 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 as on August 31, 2015. 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.

15.1.2 The company has received a notification dated: June 15, 2017, issued by Government of Punjab (Labour & Human Resource Department) for enhancing the monthly wage ceiling from Rs. 18,000/- to 22,000/- for the purpose of levy of Social Security contribution. The company filed a Writ Petition in the Honorable Lahore High Court, Lahore as on October 18, 2017 to challenge the legality of the notification. The estimated effect of this notification on financial statements is Rs. 198,902/-. In the opinion of the legal advisor, expected outcome of the case will be in favour of the company, hence no provision is made in these financial statements.

15.1.3 ACIR initiated proceedings under section 124/129/221 of Income Tax Ordinance 2001 for tax year 2008 and rejected the refund of Rs. 1,432,320/-. The company filed an appeal against this order with CIR (Appeals) as on June 30, 2016, proceedings are still pending. In the opinion of tax consultant, favorable outcome is expected, hence no provision is made in these financial statements.

15.1.4 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. 9,392,789/- as on June 06, 2016. 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.

15.1.5 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 as on November 12, 2009 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.

15.1.6 DCIR initiated proceedings under section 122 (1)/122 (5) /124 for tax year 2009 and created a tax demand of Rs. 22.27 million as on June 30, 2011. 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.

15.1.7 DCIR initiated proceedings under section 122 (5A) for tax year 2009 and created a tax demand of Rs. 5,318,163/- as on March 31, 2015. 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. 121,899/-, company file an appeal with ATIR. Further, during the year, the DCIR has also filed an appeal with ATIR against the Relief of Rs. 5,318,163/- 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.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

- 15.1.8** DCIR passed an order under section 161/205 of Income Tax Ordinance 2001 for the tax year 2013 and created a demand of Rs. 70,980,831/- as on November 26, 2015. 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.
- 15.1.9** 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/- as on January 31, 2013 and April 25, 2014 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 in 2017, 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. In the opinion of tax consultant, favorable outcome of the appeals are expected, hence no provision is made in these financial statements.
- 15.1.10** DCIR passed an order under section 11 (2) of Sales Tax Act, 1990 for the tax period from July-2011 to June-2012 and created a demand of Rs. 192,568,536/- as on May 30, 2018, . The company filed an appeal against this order with 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.
- 15.1.11** DCIR passed an order under section 121(1)/122(2) of Income Tax Ordinance 2001 for the tax year 2012 and created a demand of Rs. 387,050,666/- as on April 30, 2018. The company filed an appeal against this order with 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.
- 15.1.12** DCIR passed an order under section 11 (2) of Sales Tax Act, 1990 for the tax period from July-2013 to June-2014 and created a demand of Rs. 7,418,949/- as on September 28, 2017. The company filed an appeal against this order with 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.
- 15.1.13** As per section 5A of Income Tax Ordinance, 2001, income tax shall be charged at the rate of seven and a half percent of 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. However, the management is of the view that company is setting up a project for the manufacturing/assembly of passenger and off-road vehicles for which substantial amount of funds is required. Keeping in view the cash requirement for the proposed project the company has not made announcement of dividend which has attracted the provisions of Section 5(A) of Income Tax Ordinance 2001. The company has challenged the legality and constitutionality of section 5(A) of Income Tax Ordinance 2001 by filing a Constitutional petition in the Lahore High Court as on July 03, 2018, the said writ petition is pending before the Learned Court. In the opinion of the lawyer, favorable outcome of the appeal is expected, hence provision of Rs.19.10 Million is not made in these financial statements.

15.2 Commitments

15.2.1 Commitments in respect of outstanding letters of credit for raw material amount to Rs. 254.96 Million (June 30, 2017: Rs. 167.30 Million).

15.2.2 Commitments in respect of capital expenditures amount to Rs. 161.40 Million (June 30, 2017: Rs. 8.99 Million).

| | Note | June 30, 2018 | June 30, 2017 |
|---|------|--------------------|--------------------|
| | | Rupees | Rupees |
| 16 PROPERTY, PLANT AND EQUIPMENT | | | |
| Operating fixed assets | 16.1 | 346,844,374 | 264,189,676 |
| Capital work in progress | 16.3 | 361,959,281 | 267,517,497 |
| Advance for purchase of vehicle | 16.4 | - | 1,300,000 |
| | | 708,803,655 | 533,007,173 |



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

16.1 OPERATING FIXED ASSETS - Tangible

| Particulars | 2018 | | | | | | | | | |
|--|------------------|------------------------|-------------|------------------|---------|------------------|--------------|------------|------------------|-------------------------|
| | Cost | | | | Rate % | Depreciation | | | As at 30-06-2018 | W.D.V. as at 30-06-2018 |
| | As at 01-07-2017 | Additions/ (Deletions) | Transfer | As at 30-06-2018 | | As at 01-07-2017 | For the Year | Adjustment | | |
| Freehold land | 107,692,008 | 87,859,932 | - | 195,551,940 | - | - | - | - | - | 195,551,940 |
| Building and Civil Works on freehold land | 88,273,401 | - | - | 88,273,401 | 5 to 10 | 52,477,770 | 3,497,063 | - | 55,974,833 | 32,298,568 |
| Building and Civil Works on leasehold land | 2,509,800 | - | - | 2,509,800 | 10 | 382,745 | 212,706 | - | 595,451 | 1,914,349 |
| Plant and Machinery | 205,692,696 | 10,502,094 | - | 216,194,790 | 10 | 128,019,721 | 8,444,960 | - | 136,464,681 | 79,730,109 |
| Electric Fittings | 9,189,359 | - | - | 9,189,359 | 10 | 5,510,910 | 367,845 | - | 5,878,755 | 3,310,604 |
| Furniture and Fittings | 2,311,633 | - | - | 2,311,633 | 10 | 1,467,664 | 84,397 | - | 1,552,061 | 759,572 |
| Office Equipment | 4,481,242 | 1,660,333 | - | 6,141,575 | 10 | 2,338,228 | 283,344 | - | 2,621,572 | 3,520,003 |
| Electric Installations | 3,300,450 | - | - | 3,300,450 | 10 | 1,707,756 | 159,270 | - | 1,867,026 | 1,433,424 |
| Vehicles | 60,145,461 | 2,700,500 | 1,059,000 | 63,904,961 | 20 | 28,088,972 | 6,959,836 | 530,347 | 35,579,155 | 28,325,806 |
| Assets subject to Finance Lease | 483,596,049 | 102,722,859 | 1,059,000 | 587,377,908 | | 219,993,766 | 20,009,421 | 530,347 | 240,533,534 | 346,844,374 |
| Vehicles | 1,059,000 | - | (1,059,000) | - | 20 | 471,608 | 58,739 | (530,347) | - | - |
| | 1,059,000 | - | (1,059,000) | - | | 471,608 | 58,739 | - | - | - |
| Total 2018 | 484,655,049 | 102,722,859 | - | 587,377,908 | | 220,465,374 | 20,068,160 | 530,347 | 240,533,534 | 346,844,374 |

| Particulars | 2017 | | | | | | | | | |
|--|------------------|---------------------------------------|-------------|------------------|---------|------------------|--------------|---|------------------|-------------------------|
| | Cost | | | | Rate % | Depreciation | | | As at 30-06-2017 | W.D.V. as at 30-06-2017 |
| | As at 01-07-2016 | 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 | 48,596,968 | 3,880,802 | - | 52,477,770 | 35,795,631 |
| 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 | 3,678,449 |
| Furniture and Fittings | 2,472,886 | - | - | 2,311,633 | 10 | 1,520,385 | 94,143 | - | 1,467,664 | 843,969 |
| Office Equipment | 4,344,405 | (161,254) 340,615 | - | 4,481,242 | 10 | 2,301,135 | 222,124 | (146,864.25) | 2,338,228 | 2,143,014 |
| Electric Installations | 3,315,876 | (203,778) - | - | 3,300,450 | 10 | 1,543,719 | 177,030 | (185,031.37) | 1,707,756 | 1,592,694 |
| Vehicles | 45,401,861 | (15,426) 15,718,500 (3,443,400) | 2,468,500 | 60,145,461 | 20 | 21,793,565 | 7,131,796 | (12,993) 1,331,015 (2,157,403) | 28,088,972 | 32,056,489 |
| Assets subject to Finance Lease | 439,763,849 | 45,187,558 (3,823,858) | - | 483,596,049 | | 200,892,119 | 20,282,923 | 1,331,015 (2,512,292) | 219,993,766 | 263,602,284 |
| Plant and Machinery | - | - | - | - | 10 | - | - | - | - | - |
| Vehicles | 3,527,500 | - | (2,468,500) | 1,059,000 | 20 | 1,371,404 | 431,219 | (1,331,015) | 471,608 | 587,392 |
| | 3,527,500 | - | (2,468,500) | 1,059,000 | | 1,371,404 | 431,219 | - | 471,608 | 587,392 |
| Total 2017 | 443,291,349 | 45,187,558 (3,823,858) | - | 484,655,049 | | 202,263,523 | 20,714,142 | (1,331,015) 1,331,015 (3,843,307) | 220,465,374 | 264,189,676 |

16.2 Depreciation for the year has been allocated as follows:

| | Note | June 30, 2018 Rupees | June 30, 2017 Rupees |
|-------------------------|------|-------------------------|-------------------------|
| Cost of sales | 28 | 12,889,803 | 12,802,373 |
| Distribution cost | 29 | 1,482,494 | 443,139 |
| Administrative expenses | 30 | 5,695,863 | 7,468,630 |
| | | 20,068,160 | 20,714,142 |

16.3 CAPITAL WORK-IN-PROGRESS

Tangible

Plant and machinery

| | | | |
|----------------------------------|--------|-------------------|------------------|
| Opening balance | | 4,545,261 | - |
| Additions made during the year | | 23,209,201 | 4,545,261 |
| | | 27,754,462 | 4,545,261 |
| Transferred to Plant & Machinery | | 4,865,850 | - |
| | 16.3.1 | 22,888,612 | 4,545,261 |



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

| | June 30, 2018 | June 30, 2017 |
|---------------------------------------|------------------|------------------|
| | Rupees | Rupees |
| Civil works | | |
| Opening balance | 262,481,902 | - |
| Additions made during the year | 76,098,433 | 262,481,902 |
| | 338,580,335 | 262,481,902 |
| Transferred to operating fixed assets | - | - |
| | 338,580,335 | 262,481,902 |
| Intangible | | |
| Opening balance | 490,334 | 490,334 |
| Additions made during the year | - | - |
| | 490,334 | 490,334 |
| Transferred to Intangible Assets | - | - |
| | 490,334 | 490,334 |
| | 361,959,281 | 267,517,497 |

16.3.1 This includes Rs. Nil (June 30, 2017: Rs. 4.55 million) on account of advance paid to supplier of machinery.

16.4 This includes Rs. Nil (June 30, 2017: Rs. 1.3 million) on account of advance paid to Atlas Honda Car for purchase of a vehicle

16.5 Particulars of Company's Immovable Fixed Assets;

| SR No. | PARTICULARS | LOCATION | NATURE | AREA OF LAND (In Acres) |
|--------|--|---|--------|----------------------------|
| 1 | Manufacturing Facility of Three Wheeler, Appliances and Automotive Parts | 18 K.M Raiwind Road, Lahore. | OWNED | 5.46 |
| 2 | Construction of New Four Wheeler Manufacturing Facility | Mouza Bhai Kot, Near Tablighi Ijtama, Raiwind, Lahore | OWNED | 36.96 |
| 3 | Warranty Center | B-66, State Avenue S.I.T.E, Karachi | LEASED | 0.36 |

17 INTANGIBLE ASSETS

| Particulars | (Rupees) | | | | | | Book Value as at 30-06-2018 |
|-------------------|---------------------|--------------------------|---------------------|---------------------|-----------------|---------------------|-----------------------------------|
| | Cost | | | Amortization | | | |
| | As at 01-07-2017 | Additions/ (deletion) | As at 30-06-2018 | As at 01-07-2017 | For the Year | As at 30-06-2018 | |
| Intangible Assets | 4,208,839 | - | 4,208,839 | 4,158,020 | 40,244 | 4,198,264 | 10,575 |
| Jun-18 | 4,208,839 | - | 4,208,839 | 4,158,020 | 40,244 | 4,198,264 | 10,575 |
| Jun-17 | 4,208,839 | - | 4,208,839 | 4,073,234 | 84,786 | 4,158,020 | 50,819 |

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

17.2 The amortization cost is included in cost of sales.

18 LONG TERM LOANS AND ADVANCES - SECURED

Loans and advances - considered good, to:

| | June 30, 2018 | June 30, 2017 |
|--|------------------|------------------|
| | Rupees | Rupees |
| Executives | 6,287,425 | 5,183,725 |
| Non-Executives | 23,876,495 | 19,994,348 |
| | 30,163,920 | 25,178,073 |
| Less: Amount due within twelve months, shown under current portion of loans and advances | 23 12,042,952 | 10,308,916 |
| | 18,120,968 | 14,869,157 |



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

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

| | Opening balance as at July 01, 2017 | Disbursements / Transfer | Repayments / Transfer | Closing Balance as at June 30, 2018 |
|----------------------|-------------------------------------|--------------------------|-----------------------|-------------------------------------|
| Executives | 5,183,725 | 4,170,700 | 3,067,000 | 6,287,425 |
| Non-Executives | 19,994,348 | 17,936,538 | 14,054,391 | 23,876,495 |
| June 30, 2018 | 25,178,073 | 22,107,238 | 17,121,391 | 30,163,920 |
| June 30, 2017 | 23,491,154 | 16,327,154 | 14,640,235 | 25,178,073 |

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 maximum fourteen years. The maximum amount of loan outstanding to executives at the end of any month during the year was Rs. 6,511,455 (2017: Rs. 2,960,000). Receivable from executives of the Company does not include any amount receivable from Directors or Chief Executive. The carrying values of these loans are neither past due nor impaired. The credit quality of these financial assets can be assessed with reference to no default in recent history. These include loan made to employee of the company namely Mr. Altaf ul Haq exceeding PKR 1 million

| 19 LONG TERM DEPOSITS | Note | June 30, 2018 | June 30, 2017 |
|---|--------|--------------------|--------------------|
| | | Rupees | Rupees |
| Deposit with Pakistan Steel Mill | | 400,000 | 400,000 |
| Utilities and others | | 2,598,705 | 1,987,137 |
| | | 2,998,705 | 2,387,137 |
| Long term deposits are given in the normal course of business and do not carry any interest or mark-up. | | | |
| 20 STORES, SPARES AND LOOSE TOOLS | | | |
| Stores | | 3,411,001 | 2,318,991 |
| Spares | | 348,910 | 400,800 |
| Loose tools | | 5,250 | 8,940 |
| | | 3,765,161 | 2,728,731 |
| 21 STOCK-IN-TRADE | | | |
| Raw materials and components | | 336,012,742 | 353,203,679 |
| Work-in-process | | 11,921,639 | 13,548,770 |
| Finished goods | | 137,357,025 | 191,425,090 |
| Less: | | | |
| Provision for slow moving items | 21.1 | (7,505,112) | (4,163,512) |
| Provision for Loss of Stock | 21.2 | - | (5,889,077) |
| | | 477,786,294 | 548,124,950 |
| 21.1 Provision for slow moving items | | | |
| Balance at the beginning of the year | | 4,163,512 | 3,496,191 |
| Charged during the year | 28 | 3,341,600 | 667,321 |
| Balance at the closing of the year | | 7,505,112 | 4,163,512 |
| 21.2 Provision for Loss of Stock | | | |
| Balance at the beginning of the year | | 5,889,077 | - |
| Charged during the year | | - | 5,889,077 |
| Reversal during the year | 21.2.1 | (5,889,077) | - |
| Balance at the closing of the year | | - | 5,889,077 |

21.2.1 Stock recovered during the year.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

| | | June 30, 2018 Rupees | June 30, 2017 Rupees |
|---|--------|----------------------------|----------------------------|
| 22 TRADE DEBTS - Unsecured | 22.1 | <u>97,613,278</u> | <u>72,080,590</u> |
| 22.1 Classification: | | | |
| Considered Good | | 97,613,278 | 72,080,590 |
| Considered Doubtful | | 9,647,305 | 8,099,517 |
| | | <u>107,260,583</u> | <u>80,180,107</u> |
| Less: Provision for impairment in trade debts | 22.2 | <u>(9,647,305)</u> | <u>(8,099,517)</u> |
| | | <u>97,613,278</u> | <u>72,080,590</u> |
| 22.2 Provision for impairment in trade debts | | | |
| Balance at the beginning of the year | | 8,099,517 | 4,640,199 |
| Charged during the year | | 5,558,488 | 3,459,318 |
| | | <u>13,658,005</u> | <u>8,099,517</u> |
| Written off during the year from provision | | - | - |
| Reversal during the year | 22.2.1 | <u>(4,010,700)</u> | - |
| Balance at the closing of the year | | <u>9,647,305</u> | <u>8,099,517</u> |
| 22.2.1 Recovery of doubtful debts | | | |
| 23 LOANS & ADVANCES | | | |
| Advances - considered good | | | |
| - Current portion of loans and advances | 18 | 12,042,952 | 10,308,916 |
| - To employees for incurring business expenses | | 17,480 | 382,838 |
| - To suppliers-unsecured | | 1,336,018 | 105,005 |
| | | <u>13,396,450</u> | <u>10,796,759</u> |
| 23.1 These amount given in the normal course of business and do not carry any interest or mark-up. | | | |
| 24 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS | | | |
| Contract securities | | 400,000 | 446,900 |
| Prepaid expenses | | 1,325,907 | 962,214 |
| Letter of credit margin | | 2,054,248 | 5,052,638 |
| Letter of credit in process | | 132,694,721 | 26,645,564 |
| | | <u>136,474,876</u> | <u>33,107,316</u> |
| 24.1 These amount given in the normal course of business and do not carry any interest or mark-up. | | | |
| 25 OTHER RECEIVABLES | | | |
| Advance income tax - net | | 105,497,345 | 88,391,558 |
| Advance Sales tax | | 7,071,092 | 35,495,516 |
| Others | | - | 100,000 |
| | | <u>112,568,437</u> | <u>123,987,074</u> |
| 26 CASH AND BANK BALANCES | | | |
| Cash in hand | | 183,080 | 161,580 |
| Balance with banks | | | |
| In current accounts - Conventional banking | | 25,922,932 | 27,865,668 |
| In current accounts - Islamic banking | | 9,218,791 | 39,275,642 |
| | | <u>35,324,803</u> | <u>67,302,890</u> |



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

| 27 SALES - NET | Note | June 30, 2018 | June 30, 2017 |
|-----------------|------|----------------------|----------------------|
| | | Rupees | Rupees |
| Gross sales | 27.1 | 4,868,817,143 | 4,340,550,823 |
| Less: Sales tax | | 685,562,554 | 622,951,466 |
| Sales returns | | 126,235,781 | 22,131,718 |
| Commission | | 88,801,698 | 77,323,146 |
| | | 900,600,033 | 722,406,330 |
| | | 3,968,217,110 | 3,618,144,493 |

27.1 This includes Rs. 52.58 million (June 30, 2017: Rs. 56.40 million) on account of export sales.

28 COST OF SALES

| | | | |
|--|------|----------------------|----------------------|
| Raw materials and components consumed | | 2,959,418,435 | 2,771,117,862 |
| Salaries, wages and other benefits | 28.1 | 284,281,883 | 262,004,040 |
| Stores, spares and loose tools consumed | | 48,062,243 | 46,572,513 |
| Power and fuel charges | | 63,144,281 | 60,804,760 |
| Repair and maintenance | | 87,883,913 | 91,008,296 |
| Other expenses | | 8,546,620 | 6,569,135 |
| Provision for slow moving items | 21 | 3,341,600 | 667,321 |
| Depreciation | 16.2 | 12,889,803 | 12,802,373 |
| Amortization | 17 | 40,244 | 84,786 |
| | | 3,467,609,022 | 3,251,631,086 |
| Opening work-in-process | | 13,548,770 | 15,490,216 |
| | | 3,481,157,792 | 3,267,121,302 |
| Closing work-in-process | | 11,921,639 | 13,548,770 |
| Cost of goods manufactured | | 3,469,236,153 | 3,253,572,532 |
| Opening finished goods | | 191,425,091 | 167,986,268 |
| | | 3,660,661,244 | 3,421,558,800 |
| Cost of finished goods purchased during the year | | - | 8,529,779 |
| | | 3,660,661,244 | 3,430,088,579 |
| Closing finished goods | | 137,357,025 | 191,425,090 |
| | | 3,523,304,219 | 3,238,663,489 |

28.1 Salaries, wages and other benefits include Rs.18,727,673 (2017: Rs.14,517,362) in respect of retirement benefits.

29 DISTRIBUTION COST

| | | | |
|----------------------------------|------|-------------------|-------------------|
| Salaries and other benefits | 29.1 | 18,212,012 | 14,704,834 |
| Freight and octroi | | 58,143,571 | 52,009,124 |
| Traveling & conveyance | | 7,015,367 | 2,864,659 |
| Packing material consumed | | 4,606,886 | 3,702,031 |
| Advertisement and sale promotion | | 1,068,064 | 5,728,741 |
| Insurance | | 401,165 | 369,533 |
| Rent, rates and taxes | | 2,877,552 | 2,484,803 |
| After sales service | | 983,121 | 860,104 |
| Printing & Stationery | | 250,510 | 745,625 |
| Depreciation | 16.2 | 1,482,494 | 443,139 |
| | | 95,040,742 | 83,912,593 |

29.1 Salaries and other benefits include Rs. 568,867 (2017: Rs. 392,699) in respect of retirement benefits.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

| | Note | June 30, 2018 Rupees | June 30, 2017 Rupees |
|--|--|----------------------------|----------------------------|
| 30 ADMINISTRATIVE EXPENSES | | | |
| Salaries and other benefits | 30.1 | 44,458,473 | 37,283,814 |
| Electricity, gas and water charges | | 295,083 | 288,352 |
| Communication expenses | | 6,258,843 | 4,955,437 |
| Vehicle running expenses | | 3,550,445 | 3,628,377 |
| Legal and professional | | 1,623,523 | 1,423,011 |
| Traveling and conveyance | | 2,281,371 | 639,306 |
| Fee and subscription | | 2,754,690 | 2,201,631 |
| Insurance | | 452,239 | 352,036 |
| Rent, rates and taxes | | 940,081 | 1,194,861 |
| Printing and stationery | | 2,105,340 | 3,124,637 |
| Entertainment | | 2,363,372 | 2,064,227 |
| Office supplies | | 252,048 | 193,748 |
| Miscellaneous expenses | | 1,638,725 | 1,065,999 |
| Depreciation | 16.2 | 5,695,863 | 7,468,630 |
| | | 74,670,096 | 65,884,066 |
| 30.1 | Salaries and other benefits include Rs. 4,958,753 (2017: Rs. 3,800,582) in respect of retirement benefits | | |
| 31 OTHER OPERATING EXPENSES | | | |
| Tax Consultancy Services | 31.1 | 1,455,000 | 1,290,000 |
| Auditors' remuneration | 31.2 | 865,000 | 760,000 |
| Exchange loss | | 707,416 | 72,157 |
| Provision for loss of stock | | - | 5,889,077 |
| Provision for doubtful debts | | 5,558,488 | 3,459,318 |
| Contribution towards: | | | |
| Workers' profit participation fund | 10.5 | 13,799,050 | 10,994,813 |
| Workers' welfare fund | 10.6 | 4,823,328 | 4,238,497 |
| | | 27,208,282 | 26,703,862 |
| 31.1 Tax Consultancy Services | | | |
| Viqar A. Khan & Co. | | | |
| Tax services | | 880,000 | 1,290,000 |
| KPMG Taseer Hadi & Co. | | | |
| Tax services | | 575,000 | - |
| | | 1,455,000 | 1,290,000 |
| 31.2 Auditors remuneration | | | |
| Azim & Company | | | |
| Workers' Profit Participation Fund audit | | - | 20,000 |
| H.Y.K & Co. | | | |
| Statutory audit | | 650,000 | 575,000 |
| Half yearly review | | 150,000 | 150,000 |
| Workers' Profit Participation Fund audit | | 20,000 | - |
| Certificate fee | | 45,000 | 15,000 |
| | | 865,000 | 740,000 |
| | | 865,000 | 760,000 |
| 32 OTHER INCOME | | | |
| Income from non Financial Assets | | | |
| Gain on sale of fixed asset | | - | 1,089,123 |
| Reversal of provision for doubtful Debts | | 4,010,700 | - |
| Reversal of provision for loss of stock | | 5,889,077 | - |
| Miscellaneous Income | | 1,680,853 | 1,833,709 |
| | | 11,580,630 | 2,922,832 |



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

| | Note | June 30, 2018 Rupees | June 30, 2017 Rupees | |
|--|--|----------------------------|----------------------------|------------------|
| 33 FINANCE COST | | | | |
| Mark-up on: | | | | |
| Short term borrowings - secured - Islamic Banking | | 177,031 | - | |
| Profit on Murabaha - Islamic Banking | | 1,470,354 | 481,740 | |
| Interest on Workers' Profit Participation Fund | | 2,679,986 | 549,208 | |
| Financial charges on finance lease - Islamic Banking | | 965 | 46,777 | |
| Bank charges and others | | 567,423 | 711,845 | |
| | | <u>4,895,759</u> | <u>1,789,570</u> | |
| 34 TAXATION | | | | |
| Current | | | | |
| For the Year | 34.1 | 72,893,882 | 65,454,307 | |
| Prior Year | 34.2 | (2,526,084) | (1,182,232) | |
| Deferred | | | | |
| For the Year | 34.4 | (1,694,174) | (2,980,271) | |
| | | <u>68,673,624</u> | <u>61,291,804</u> | |
| 34.1 | The rate of tax has decreased from 31% to 30% during the year. | | | |
| 34.2 | This amount relates to adjustment of provision for taxation of previous year. | | | |
| 34.3 | The income tax assessments of the company have been finalized up to tax year 2017, except as mentioned in note 15.1. The Provision for taxation is considered adequate to discharge the expected liability for current year. | | | |
| 34.4 Tax charge reconciliation | | | | |
| Profit before taxation | | <u>254,678,642</u> | <u>204,113,745</u> | |
| Tax charge on accounting profit at applicable tax rate 30% (31%: 2017) as per Income Tax Ordinance, 2001 | | 76,403,593 | 63,275,261 | |
| Tax effect of amounts that are: | | | | |
| - not deductible for tax purposes | | | | |
| - allowable deductions for tax purposes | | (871,588) | 1,446,896 | |
| Tax effect of profit attributable to presumptive income | | (3,742,374) | (2,104,771) | |
| Effect of presumptive tax | | 511,904 | 429,580 | |
| Tax effect due to reversal of prior year's WWF | | (51,618) | (24,298) | |
| Tax credit due to investment | | (1,050,209) | (548,633) | |
| Adjustment of prior year taxation | | (2,526,084) | (1,182,232) | |
| Taxation for the year | | <u>68,673,624</u> | <u>61,291,804</u> | |
| 34.5 Comparison of tax provision with tax assessment | | | | |
| | | 2015 | 2016 | 2017 |
| Tax Provision | | 32,786,233 | 48,745,424 | 65,454,307 |
| Tax Assessment | | 31,756,479 | 47,563,192 | 62,928,223 |
| Excess / (Short) | | <u>1,029,754</u> | <u>1,182,232</u> | <u>2,526,084</u> |



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

| | | June 30, 2018 | June 30, 2017 |
|---|--------|--------------------|--------------------|
| | | Rupees | Rupees |
| 35 EARNINGS PER SHARE - BASIC AND DILUTED | Note | | |
| Basic earnings per share | | | Restated |
| Profit after taxation for the year | Rupees | 186,005,018 | 142,821,941 |
| Weighted average number of ordinary shares outstanding during the year | Number | 21,566,842 | 21,566,842 |
| Basic earnings per share - Rupees | Rupees | 8.62 | 6.62 |
| 35.1 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, 2018 and June 30, 2017 which would have any effect on earning per share if the option to convert is exercised. | | | |
| 36 CASH GENERATED FROM OPERATIONS | | | |
| Profit before taxation | | 254,678,642 | 204,113,745 |
| Adjustment for non cash charges and other items: | | | |
| Depreciation | | 20,068,160 | 20,714,142 |
| Amortization | | 40,244 | 84,786 |
| Provision of staff retirement gratuity | | 24,255,293 | 18,710,643 |
| Financial and other charges | | 4,895,759 | 1,789,570 |
| Other income | | (11,580,630) | (2,922,832) |
| | | 37,678,826 | 38,376,309 |
| Working capital changes | 36.1 | 292,357,468 | 242,490,054 |
| Increase in long term loans and advances | | (31,341,283) | 108,865,334 |
| | | (3,251,811) | (1,411,942) |
| Cash generated from operations | | 257,764,374 | 349,943,446 |
| 36.1 Working capital changes | | | |
| (Increase)/decrease in current assets | | | |
| Store, spares and loose tools | | (1,036,430) | 253,460 |
| Stock-in-trade | | 76,227,734 | (61,242,025) |
| Trade debts | | (21,521,988) | 20,413,810 |
| Loans and advances | | (2,599,691) | 7,253,003 |
| Trade deposits and short term prepayments | | (103,367,560) | (709,770) |
| Other receivables | | 100,000 | 2,238,780 |
| Increase in current liabilities | | | |
| Trade and other payables | | 20,856,652 | 140,658,076 |
| | | (31,341,283) | 108,865,334 |
| 37 CASH AND CASH EQUIVALENTS | | | |
| Cash and cash equivalents include: | | | |
| Cash and bank balances | 26 | 35,324,803 | 67,302,890 |
| | | 35,324,803 | 67,302,890 |



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

| June 30, 2018 | June 30, 2017 |
|------------------|------------------|
| Rupees | Rupees |

38 TRANSACTIONS WITH RELATED PARTIES

The related party transactions are comprise of the remuneration, allowances, benefits, bonus shares and dividend paid to Chief Executive, Executive Directors and Key management personnel in accordance with terms of their appointment and meeting attending fee paid to non-executive directors.

The detail is given below;

| | | |
|---|------------|------------|
| Remuneration, Allowances and benefits paid to Chief Executive | 14,250,000 | 10,324,355 |
| Remuneration, Allowances and benefits paid to Executive Director (s) | 11,825,000 | 5,975,404 |
| Meeting fee paid to Non-Executive Director (s) | 995,000 | 445,000 |
| Cash Dividend paid to Chief Executive | - | 20,798,160 |
| Bonus shares issued to Chief Executive | 15,125,930 | - |
| Cash Dividend paid to Directors (s) | - | 11,233,959 |
| Bonus shares issued to Directors (s) | 8,157,700 | - |
| Remuneration, Allowance and benefits paid to Key Management personnel | 28,309,870 | 25,079,580 |
| Cash Dividend paid to Key Management personnel | - | 34,496 |
| Bonus shares issued to Key Management personnel | 25,080 | - |

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.

39 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 | |
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 Restated* | 2018 | 2017 Restated* |
| Managerial Remuneration | 13,800,000 | 9,739,355 | 11,400,000 | 5,712,904 | - | - | 34,616,160 | 28,855,240 | 59,816,160 | 44,307,499 |
| Bonus & Leave encashment | 450,000 | 585,000 | 425,000 | 262,500 | - | - | 2,688,290 | 2,945,060 | 3,563,290 | 3,792,560 |
| Meeting Fee | - | - | - | - | 995,000 | 445,000 | - | - | 995,000 | 445,000 |
| Total | 14,250,000 | 10,324,355 | 11,825,000 | 5,975,404 | 995,000 | 445,000 | 37,304,450 | 31,800,300 | 64,374,450 | 48,545,059 |
| Number of persons | 1 | 1 | 2 | 2 | 6 | 6 | 12 | 11 | 21 | 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.

* Comparative figures have been restated to reflect changes in the definition of executive as per Companies Act, 2017.

40 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.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

ii) AUTOMOTIVE PARTS

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

iii) HOUSEHOLD APPLIANCES

This segment relates to the sale of household appliances.

iv) AUTOMOBILES - FOUR WHEELER

This segment relates to the project of four wheeler automobiles.

| | Auto rickshaw | | Automotive parts | | Household appliances | | Automobiles - Four Wheeler | | 2018 | 2017 |
|---|---------------|---------------|------------------|-------------|----------------------|------------|----------------------------|--------|---------------|---------------|
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | | |
| | Rupees | Rupees | Rupees | Rupees | Rupees | Rupees | Rupees | Rupees | Rupees | Rupees |
| Segment revenue -Net | 3,335,894,636 | 3,121,312,591 | 617,634,311 | 493,586,697 | 14,688,163 | 3,245,205 | - | - | 3,968,217,110 | 3,618,144,493 |
| Segment operating results | 258,955,088 | 218,610,000 | 14,548,652 | 9,043,686 | 1,948,136 | (19,341) | (1,114,823) | - | 274,337,053 | 227,634,345 |
| Segment assets | 522,814,697 | 922,096,456 | 318,527,903 | 255,264,158 | 12,065,789 | 23,881,144 | 588,089,358 * | - | 1,441,497,747 | 1,201,241,758 |
| Unallocated assets | - | - | - | - | - | - | - | - | 165,365,455 | 207,200,837 |
| Total assets | - | - | - | - | - | - | - | - | 1,606,863,202 | 1,408,442,596 |
| Segment liabilities | 544,247,978 | 567,928,929 | 90,494,461 | 53,756,473 | - | - | - | - | 634,742,439 | 621,685,402 |
| Unallocated liabilities | - | - | - | - | - | - | - | - | 14,756,376 | 12,968,888 |
| Total liabilities | - | - | - | - | - | - | - | - | 649,498,815 | 634,654,290 |
| Capital expenditure | 14,862,927 * | 313,514,721 * | - | - | - | - | 187,167,566 * | - | 202,030,493 | 313,514,721 |
| Depreciation and amortization | 13,678,325 | 14,877,570 | 6,420,499 | 5,910,857 | 9,580 | 10,501 | - | - | - | - |
| Non-cash charges other than depreciation and amortization | 18,836,060 | 19,844,692 | 8,413,213 | 8,863,723 | 17,031 | 17,943 | - | - | - | - |

*Considering the potential growth and future prospects of the automobile sector in Pakistan and in order to facilitate the timely completion of the new four wheeler Project, the Board had decided to hold the expansion of auto rickshaws production facilities during the year.

41 FINANCIAL INSTRUMENTS

41.1 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:

| FINANCIAL ASSETS | Note | June 30, | June 30, |
|--------------------|---------|--------------------|--------------------|
| | | 2018 | 2017 |
| | | Rupees | Rupees |
| Long term deposits | 19 | 2,998,705 | 2,387,137 |
| Trade debts | 22 | 97,613,278 | 72,080,590 |
| Loans and advances | 18 & 23 | 31,517,418 | 25,665,916 |
| Trade deposits | 24 | 136,474,876 | 33,107,316 |
| Bank balances | 26 | 35,324,803 | 67,302,890 |
| | | <u>303,929,080</u> | <u>200,543,849</u> |

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

| | | | |
|----------|---|-------------------|-------------------|
| Pakistan | * | 97,613,278 | 72,080,590 |
| | | <u>97,613,278</u> | <u>72,080,590</u> |

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

| | | |
|---------------------|-------------------|-------------------|
| Corporate customers | 61,944,690 | 28,500,173 |
| Distributor | - | - |
| Dealers & customers | 24,845,198 | 38,124,280 |
| Others | 10,823,390 | 5,456,137 |
| | <u>97,613,278</u> | <u>72,080,590</u> |



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

41.5.2 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. Nil (2017: Rs. 0.056 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. Nil (2017: Rs. 0.001 million).

41.5.3 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.

41.5.4 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 - 2018 | | | | | | (Rupees) |
|--|--------------------|------------------------|--------------------|-------------|----------|----------|-------------------|
| | Carrying Amount | Contractual Cash Flows | 6 months or less | 6-12 months | 1-2years | 2-5years | More than 5 years |
| Liability under finance lease | - | - | - | - | - | - | - |
| Trade and other payables | 485,425,032 | 485,425,032 | 485,425,032 | - | - | - | - |
| Mark-up & profit accrued on loans and other payables | 2,849,361 | 2,849,361 | 2,849,361 | - | - | - | - |
| Short term borrowing | - | - | - | - | - | - | - |
| | 488,274,393 | 488,274,393 | 488,274,393 | - | - | - | - |

| | JUNE - 2017 | | | | | | (Rupees) |
|--|--------------------|------------------------|--------------------|-------------|----------|----------|-------------------|
| | Carrying Amount | Contractual Cash Flows | 6 months or less | 6-12 months | 1-2years | 2-5years | 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 | - | - | - | - | - | - | - |
| | 496,318,656 | 496,320,240 | 496,320,240 | - | - | - | - |

42 PLANT CAPACITY AND ACTUAL PRODUCTION

Installed Capacity

Auto rickshaw (8 hours single shift basis)

Automotive parts

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

| June 30, 2018 | June 30, 2017 |
|---------------|---------------|
| Numbers | Numbers |
| 20,000 | 20,000 |



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

| June 30, 2018 | June 30, 2017 |
|------------------|------------------|
| Numbers | Numbers |

Actual Production

| | | |
|--------------------------------|---------|--------|
| Auto Rickshaw | 21,722 | 21,193 |
| Automotive Parts Wheel Rims | 106,593 | 94,307 |

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.

43 NUMBER OF EMPLOYEES

| | | |
|---|-----|-----|
| Number of permanent employees at the year end | 807 | 825 |
| Average number of permanent employees during the year | 821 | 789 |
| Number of factory employees at the year end | 771 | 787 |
| Average number of factory employees during the year | 784 | 755 |

44 DISCLOSURE REQUIREMENT FOR SHARIAH COMPLIANT COMPANIES

As per the requirements of the fourth schedule to the Companies Act, 2017, shariah compliant companies and the companies listed on Islamic Index shall disclose the following:

| | |
|---|---|
| 44.1 Loans/advances obtained as per Islamic mode | Disclosed in Note no. 7, 10, 12 |
| 44.2 Shariah compliant bank deposits/bank balances | Disclosed in Note no. 26 |
| 44.3 Profit earned from shariah compliant bank deposits/bank balances | No Profit earned from any deposits during the year. |
| 44.4 Revenue earned from a shariah compliant business segment | Disclosed in Note no. 27. |
| 44.5 Gain/loss or dividend earned from shariah compliant investments | No investment made during the year. |
| 44.6 Exchange gain earned from actual currency | No Exchange gain during the year. |
| 44.7 Mark up paid on Islamic mode of financing | Disclosed in Note no. 33 |
| 44.8 Relationship with shariah compliant banks | Disclosed in Note no. 7, 10, 12 |
| 44.9 Profits earned or interest paid on any conventional loan or advance. | No profit earned or interest paid to any conventional bank during the year. |

45 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. Except as mentioned below

| Reclassification from Statement of Financial Position | Reclassification to Statement of Financial Position | | June 30, 2017 |
|---|--|-------|---------------|
| Trade and other payables (Notes to the Financial statements) | Unclaimed dividend (On the face of statement of Financial Position) | | 2,173,778 |
| Reclassification from Other Expenses | Reclassification to Other Expenses | Notes | June 30, 2017 |
| Auditor Remuneration (Notes to the Financial statements) | Tax Consultancy Services (Notes to the Financial statements) | 31 | 1,290,000 |

46 DATE OF AUTHORIZATION FOR ISSUE:

The Board of Directors of the Company has authorized these financial statements for issue on September 24, 2018.



**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

47 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 27th 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 Monday, October 22, 2018 at 11:00 A.M. to transact the following businesses:

ORDINARY BUSINESSES:

1. To receive, consider and adopt the Audited Annual Financial Statements of the Company for the year ended 30th June, 2018 together with the Directors' Report, Auditors' Report and Chairperson's Review Report.
2. To appoint Auditors and to fix their remuneration for the year ending June 30, 2019. 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.

By order of the Board

Lahore
October 01, 2018

Arshad Mahmood
(Company Secretary)

Notes:

- a. The share transfer books of the company will remain closed from October 16, 2018 to October 22, 2018 (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 15th October, 2018 will be treated in time for entitlement 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, 2018 have been placed on the Company's web site 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(1)/2016 dated 31 May, 2016, the shareholders of the Company in EOGM of the Company held on 18th March 2017 had accorded their consent for transmission of annual reports including audited annual financial statements, 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. Accordingly, the Company has sent its Annual Report 2018 in the form of CD. The shareholders who wish to receive hard copy of the Annual Report 2018 may send their requests to the Company Secretary / Share Registrar as per the Standard Request Form which is available on the website of the Company. The Company will supply hard copies of the aforesaid document to the shareholders free of cost, within one week of such request. 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.



تشکیل نیابت داری

میں / ہم
ساکن
بحیثیت رکن (ممبر) سازگار انجینئرنگ ورکس لمیٹڈ
مقرر کرتا / کرتی ہوں / کرتے ہیں مسٹی / مسماة
ساکن
کویان کی غیر حاضری میں مسٹی / 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 سٹائیسواں سالانہ اجلاس عام میں جو بروز پیر ۲۲ اکتوبر ۲۰۱۸ کو صبح 11:00 بجے آل سیزن اینڈ بیکنوٹ ہال لالہ زار کمرشل مارکیٹ ٹھوکر چوک برعکس یا سبروسٹ رائیونڈ روڈ لاہور میں منعقد ہو رہا ہے۔ یا اسکے ملتوی شدہ اجلاس میں شرکت کرے اور وہ میری / ہماری جگہ میری / ہماری طرف سے حق رائے وہی استعمال کرے۔

مورخہ _____ ۲۰۱۸ کو میرے / ہمارے دستخط سے جاری ہو۔

پانچ روپے کی رسیدی ٹکٹ پر دستخط

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

| | |
|-----------------------------------|-----------------------------------|
| گواہ نمبر | گواہ نمبر ۲ |
| دستخط | دستخط |
| نام | نام |
| کمپیوٹرائزڈ قومی شناختی کارڈ نمبر | کمپیوٹرائزڈ قومی شناختی کارڈ نمبر |
| پتہ | پتہ |

نوٹ

1. پراکسی کے لئے کہنی کارکن ہونا ضروری ہے۔
2. دستخط کی مماثلت کہنی میں رجسٹرڈ نمونہ دستخط کے ساتھ ہونا ضروری ہے۔
3. اگر پراکسی اسی رکن کی طرف جاری کی گئی ہے جس کے 1 کی حصص سنٹرل ڈیپازٹری کہنی آف پاکستان لمیٹڈ میں جمع ہیں۔ تو پراکسی کے ہمراہ ممبر کا I.D نمبر اور CDC اکاؤنٹ / ذیلی کاؤنٹ نمبر بشمول تصدیق شدہ کمپیوٹرائزڈ شناختی کارڈ یا مالک اتفاق کے پاسپورٹ کی فوٹو کاپی لانا لازمی ہے۔ کارپوریٹ ارکان کے نمائندہ ارکان اس مقصد کیلئے درکار ستادیزات ساتھ لے کر آئیں۔
4. پراکسی اجلاس کے وقت اپنا اصل کمپیوٹرائزڈ شناختی کارڈ یا اصل پاسپورٹ مہیا کرے گا 1 گی۔
5. مناسب طور پر مکمل شدہ پراکسی کے دستاویز اجلاس سے کم از کم 48 گھنٹے قبل کہنی 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 27th Annual General Meeting of the shareholders of the Company to be held on Monday October 22 , 2018 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 _____ 2018

| 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:
- The proxy must be a member of the Company.
 - The signature must tally with the specimen signature/s registered with the Company.
 - 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.
 - The proxy shall produce his / her original (CNIC) or original passport at the time of the meeting.
 - 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.

Sazgar Engineering Works Limited

Registered Office: 88 Ali Town, Thokar Niaz Baig, Raiwind Road, Lahore.

Tel: 042-35297861-62, 35291573-74, Fax: 042-35297863

Factory: 18 Km, Raiwind Road, Lahore. Tel: 042- 35330300-2, Fax: 042-35330329

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