



Sazgar Engineering Works Limited

The General Manager,
Pakistan Stock Exchange Limited,
Stock Exchange Building, Stock Exchange Road,
Karachi,

Ref: Sgl/18-10/908
Dated: October 17, 2018

SUBJECT: CORRIGENDUM TO THE ANNUAL REPORT 2018.

Dear Sir,

We would like to inform you that during the process of printing one page containing note no. 41.2 to 41.5.1 to the Audited Annual Financial Statements for the year ended June 30, 2018 was inadvertently missed in the printed Annual Report 2018, which is hereby enclosed as per Annexure-A for your information and record.


This page will be numbered as 67 and accordingly the subsequent pages will be re-numbered as 68 to 73.

The Copy of the updated version of Annual Report 2018 has been uploaded on the website of the Company i.e www.sazgarautos.com and is also transmitted to the Exchange.

You may please inform the TRE certificate holders of the Exchange accordingly.

Thanking you.

Yours sincerely,
For Sazgar Engineering Works Limited


Arshad Mahmood
(Company Secretary)

Encls: As above

CC. Securities & Exchange Commission of Pakistan, Islamabad.
All shareholders of the Company.



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

	Note	June 30, 2018	June 30, 2017
		Rupees	Rupees
The aging of trade debts at the reporting date was:			
Not past due		43,329,008	8,915,100
Past Due 0-30 days		11,427,523	13,336,730
Past due 31-120 days		16,444,727	8,834,122
Past due more than 120 days		26,412,020	40,994,638
		97,613,278	72,080,590

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

41.2 Foreign exchange risk management

Foreign currency risk arises mainly where payable exist due to transactions with foreign undertakings. Payable exposed to foreign currency risks are identified as either creditors or bills payable. The Company considers hedging if it is feasible. However the banks are not allowing any hedging and forward booking of foreign currency at the moment.

41.3 Capital Risk Management

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

41.4 Fair value of financial instruments

The carrying value of all the financial instruments i.e. financial assets and liabilities reflected in the financial statements approximate their fair values. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. International Financial Reporting Standard 13, 'Fair Value Measurements' requires the company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety shall be determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety.

Currently there are no financial assets or financial liabilities which are measured at their fair value in the statement of financial position.

41.5 Market Risk

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

41.5.1 Currency Risk

Currency risk is the risk that fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The company is exposed to currency risk on import of raw materials and finished goods being denominated in US dollars. The Company's exposure to foreign currency risk for US Dollars is on account of outstanding letter of credits of Rs. 254.96 million (2017: Rs. 167.30 million).