

# QUARTERLY ACCOUNTS (UN-AUDITED)

March 31, 2017



SAZGAR ENGINEERING WORKS LIMITED

# **SAZGAR ENGINEERING WORKS LIMITED**



## **CONTENTS**

<b>Vision, Mission and Corporate Strategy</b> _____	<b>1</b>
<b>Company Information</b> _____	<b>2</b>
<b>Directors' Review</b> _____	<b>3</b>
<b>Condensed Interim Balance Sheet</b> _____	<b>5</b>
<b>Condensed Interim Profit and Loss Account</b> _____	<b>7</b>
<b>Condensed Interim Statement of Comprehensive Income</b> _____	<b>8</b>
<b>Condensed Interim Cash Flow Statement</b> _____	<b>9</b>
<b>Condensed Interim Statement of Changes in Equity</b> _____	<b>10</b>
<b>Notes to the Condensed Interim Financial Statements</b> _____	<b>11</b>

# SAZGAR ENGINEERING WORKS LIMITED



## 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.



**SAZGAR ENGINEERING WORKS LIMITED**



بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

# SAZGAR ENGINEERING WORKS LIMITED

## COMPANY INFORMATION

### BOARD OF DIRECTORS

Mrs. Saira Asad Hameed  
Chairperson/Non-Executive Director

Mr. Mian Asad Hameed  
Chief Executive

Mr. Saeed Iqbal Khan  
Executive Director

Mr. Mian Muhammad Ali Hameed  
Executive Director

Mr. Mian Zafar Hameed  
Non-Executive Director

Mrs. Sana Suleyman  
Non-Executive Director

Mr. Hamza Amjad Wazir  
Non-Executive Director

Mr. Ahsan Ejaz  
Independent Director

Mr. Anwar Ali  
Independent Director

### COMPANY SECRETARY

Mr. Arshad Mahmood - FCA

### REGISTERED OFFICE

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

### SHARE REGISTRAR

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

### FACTORY

18-KM Raiwind Road, Lahore.

### AUDIT COMMITTEE

Mrs. Ahsan Ejaz  
Chairman

Mrs. Anwar Ali  
Member

Mrs. Sana Suleyman  
Member

Mr. Arshad Mahmood  
Secretary

### HUMAN RESOURCE & REMUNERATION COMMITTEE

Mr. Mian Zafar Hameed  
Chairman

Mr. Saeed Iqbal Khan  
Member

Mr. Humza Amjad Wazir  
Member

Mr. Arshad Mahmood  
Secretary

### AUDITORS

Kabani & Company  
Chartered Accountants

### BANKERS

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



# SAZGAR ENGINEERING WORKS LIMITED

## ڈائریکٹرز کا جائزہ

آپ کی کمپنی کے ڈائریکٹرز 31 مارچ 2017 کو ختم ہونے والی تیسری سرمایہ کے لیے کمپنی کے معاملات پر ٹوشی کے ساتھ اپنا جائزہ پیش کرتے ہیں۔

### مالیاتی نتائج:

اللہ تعالیٰ کے فضل و کرم سے کمپنی کے مالیاتی نتائج زیر جائزہ مدت میں کمپنی کی فروخت اور آمدنی میں اضافے کو ظاہر کر رہے ہیں۔ پچھلے مالیاتی سال کی تیسری سرمایہ کے مقابلہ میں اس سال تیسری سرمایہ میں مجموعی فروخت 34.84 فیصد کے حساب سے 928.393 ملین روپے سے بڑھ کر 1,251.834 ملین روپے ہو گئی ہے۔ مجموعی منافع 43.21 فیصد کے حساب سے 99.426 ملین روپے سے بڑھ کر 142.387 ملین روپے ہو گیا ہے اور قبل از ٹیکس منافع 51.47 فیصد کے حساب سے 60.249 ملین روپے سے بڑھ کر 91.262 ملین روپے ہو گیا ہے۔

پچھلے مالیاتی سال کی ذمہ داری کے مقابلہ میں اس سال ذمہ داری میں مجموعی فروخت 37.20 فیصد کے حساب سے 2,020 ملین روپے سے بڑھ کر 2,771 ملین روپے ہو گئی ہے۔ مجموعی منافع 47.39 فیصد کے حساب سے 200.191 ملین روپے سے بڑھ کر 295.058 ملین روپے ہو گیا ہے اور قبل از ٹیکس منافع 77.80 فیصد کے حساب سے 96.523 ملین روپے سے بڑھ کر 171.622 ملین روپے ہو گیا ہے۔

پچھلے مالیاتی سال کی تیسری سرمایہ اور ذمہ داری کے مقابلہ میں اس سال تیسری سرمایہ اور ذمہ داری میں فیصدیں آسان ہاں ترتیب 2.34 روپے سے 3.53 روپے اور 3.70 روپے سے 6.78 روپے ہو گئی ہے۔

زیر جائزہ مدت میں کمپنی کی فروخت اور منافع میں اضافہ انورسٹمنٹ اور ڈیویڈنڈوں کی فروخت کے رقم میں اضافہ کی وجہ سے ہے۔

کمپنی نے اس سال کی تیسری سرمایہ اور ذمہ داری میں بائرنٹی 6,179 عدد اور 17,380 عدد روٹوں کے بنائے جبکہ پچھلے سال اسی عرصہ کے دوران بیچا اور بائرنٹی 5,440 عدد اور 13,267 عدد روٹوں کے تھے۔ اس سے ظاہر ہوتا ہے کہ کمپنی نے بیچا اور مالی صلاحیت سے زیادہ اصل بیچا اور کی جو کہ کوشش کی مارکیٹ طلب کو پورا کرنے کیلئے اضافی وقت میں کام کرنے کے حاصل کی گئی۔

اس سال کی تیسری سرمایہ اور ذمہ داری میں روٹوں کی فروخت اور بائرنٹی 28,157 اور 65,180 تھی جبکہ پچھلے سال اسی عرصہ کے دوران روٹوں کی فروخت اور بائرنٹی 18,480 اور 46,398 تھی جو کہ ڈیویڈنڈوں کی فروخت اور بائرنٹی میں نمایاں اضافہ کو ظاہر کر رہی ہے۔

### مستقبل پر اظہار نظر:

کمپنی توقع کرتی ہے کہ انورسٹمنٹ کی طلب آئے والی سرمایہ میں اسی رفتار سے جاری رہے گی اور ملک میں امن وامان کی صورت حال کو بہتر بنانے کے لئے حکومت کی کوششیں قائم رہیں گی۔

ڈیویڈنڈ کی ٹیکس دہا رہی رفتار حاصل کر رہی ہے اور ڈیویڈنڈوں کی طرف سے کمپنی کو ٹریڈنگ روٹوں کی فروخت اور بائرنٹی میں اضافہ ہوا ہے۔ امید کی جاتی ہے کہ آنے والے وقت میں کاروبار کے اس شعبے سے کمپنی کی فروخت اور منافع پر اچھا اثر پڑے گا

ڈائریکٹرز کا جائزہ میں کی انتہک کوششیں، ہنم و دک اور لگن جس کا اظہار انہوں نے موجودہ عرصہ کے دوران کیا ہے، کے شکر گزار ہیں۔ وہ محترم صاحب داران بگا بگوں، سٹارٹ اپ اور مالیاتی اداروں کے کمپنی کے ساتھ مسلسل تعاون اور اعتماد کرنے پر بھی شکر گزار ہیں۔

بورڈ آف ڈائریکٹرز کی جانب سے

*M. Ishaq*

میمن اسد حمید

چیف ایگزیکٹو

لاہور

مورخہ 25 اپریل 2017

# SAZGAR ENGINEERING WORKS LIMITED

## DIRECTORS' REVIEW

The directors of your Company are pleased to present their review on the affairs of the Company for the 3<sup>rd</sup> quarter ended March 31, 2017.

### Financial Results:

By the Grace of Almighty Allah, financial results of the Company for the period under review are showing an increase in sales and profitability of the Company. The net sales of 3<sup>rd</sup> quarter has increased by 34.84% from Rs. 928.393M to Rs. 1,251.834M, gross profit by 43.21% from Rs. 99.426M to Rs. 142.387M and pre-tax profit by 51.47% from Rs. 60.249M to Rs. 91.262M compared with the corresponding period of last year.

The nine months net sales has increased by 37.20% from Rs. 2.020 **Billion** to Rs. 2.771 **Billion**, gross profit by 47.39% from Rs.200.191M to Rs.295.058M and pre-tax profit by 77.80% from Rs. 96.523M to Rs. 171.622M compared with the corresponding period of last year.

The earnings per share for the current period and cumulatively nine months have also increased from Rs. 2.34 to Rs. 3.53 and from Rs. 3.70 to Rs. 6.78 respectively.

The increase in sales and profitability of the Company is due to the rise in sales volume of auto rickshaws and tractor wheel rims during the period under review.

During the 3<sup>rd</sup> quarter and cumulatively nine months, the Company produced 6,179 & 17,380 units of Auto Rickshaws whereas during the corresponding periods of last year, the production was 5,440 and 13,267 units respectively. This reflects an excess production over normal capacity which was achieved by working on overtime schedule to meet the market demand of auto rickshaws.

The production of wheel rims was 28,157 & 65,180 in 3<sup>rd</sup> quarter and cumulatively nine months whereas the production of wheel rims during the same corresponding periods was 18,480 & 46,398 respectively showing a substantial increase in production of tractor wheel rims.

### Future Outlook:

The Company expects that the demand of Auto Rickshaws will continue in the next quarter with same pace and the Government efforts to improve law and order situation in the country will also remain in place.


The booking of tractor is regaining its momentum and the Company is receiving higher demand of tractor wheel rims from the tractor assemblers. It is hoped that the improvement in this segment of business will positively affect on the sales and profitability of the Company in the subsequent period.

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

For and on behalf of the Board

Lahore

Dated: 25-04-2017

  
Mian Asad Hameed  
(Chief Executive)



# SAZGAR ENGINEERING WORKS LIMITED

## CONDENSED INTERIM BALANCE SHEET (UN-AUDITED) AS AT MARCH 31, 2017

		Un-audited	Audited
	Note	March 31, 2017 Rupees	June 30, 2016 Rupees
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Authorized share capital 50,000,000 (June 2016: 50,000,000) ordinary shares of Rupees 10 each		500,000,000	500,000,000
Issued, subscribed and paid-up share capital	4	179,723,680	179,723,680
Revenue reserve - Un-appropriated Profit		582,137,123	509,691,079
		761,860,803	689,414,759
<b>LIABILITIES</b>			
<b>NON CURRENT LIABILITIES</b>			
Liabilities against assets subject to finance lease		-	56,310
Deferred Liabilities		126,642,942	118,501,881
<b>CURRENT LIABILITIES</b>			
Trade and other payables		620,193,400	320,181,524
Mark-up & Profit accrued on loans and other payables		-	5,536
Current portion of long term liabilities		131,324	773,456
Provision for Taxation		53,645,353	48,745,424
		673,970,077	369,705,940
<b>CONTINGENCIES AND COMMITMENTS</b>			
	5	-	-
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,562,473,822</b>	<b>1,177,678,890</b>

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



MIAN ASAD HAMEED  
CHIEF EXECUTIVE



# SAZGAR ENGINEERING WORKS LIMITED

## CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)

AS AT MARCH 31, 2017

		Un-audited	Audited
	Note	March 31, 2017	June 30, 2016
		Rupees	Rupees
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Property, Plant and Equipment	6	453,609,485	244,518,158
Intangible Assets	7	69,326	135,605
<b>LONG TERM LOANS AND ADVANCES</b>			
		13,804,061	13,457,215
<b>LONG TERM DEPOSITS</b>			
		2,302,137	1,437,137
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools		4,266,109	2,982,191
Stock-in-trade		609,877,757	486,882,925
Trade debts		136,493,278	92,494,400
Loans & advances		10,162,540	18,049,762
Trade deposits and short term prepayments		77,568,182	32,397,546
Other receivables		150,743,010	118,425,818
Cash and bank balances		103,577,937	166,898,133
		1,092,688,813	918,130,775
<b>TOTAL ASSETS</b>		<b>1,562,473,822</b>	<b>1,177,678,890</b>

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



SAEED IQBAL KHAN  
DIRECTOR



**SAZGAR ENGINEERING WORKS LIMITED**  
**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)**  
**FOR THE QUARTER & NINE MONTH ENDED MARCH 31, 2017**

	Note	Third Quarter Ended		Nine Month Ended	
		Jan - Mar	Jan - Mar	July - Mar	July - Mar
		2017	2016	2017	2016
		Rupees	Rupees	Rupees	Rupees
Sales - Net	8	1,251,833,755	928,392,882	2,771,324,117	2,019,922,274
Cost of sales	9	1,109,447,096	828,967,309	2,476,265,835	1,819,731,536
<b>Gross Profit</b>		<b>142,386,659</b>	<b>99,425,573</b>	<b>295,058,282</b>	<b>200,190,738</b>
Distribution cost		27,291,745	19,730,516	62,264,452	48,521,040
Administrative expenses		17,758,315	15,586,032	49,667,957	43,589,542
Other operating expenses		6,764,800	4,464,018	13,114,843	12,553,663
		51,814,860	39,780,566	125,047,252	104,664,245
		90,571,799	59,645,007	170,011,030	95,526,493
Other income		1,080,642	1,258,933	2,654,339	3,635,111
<b>Operating profit before finance cost</b>		<b>91,652,441</b>	<b>60,903,940</b>	<b>172,665,369</b>	<b>99,161,604</b>
Finance cost		390,892	654,991	1,042,925	2,638,350
<b>Profit before taxation</b>		<b>91,261,549</b>	<b>60,248,949</b>	<b>171,622,444</b>	<b>96,523,254</b>
Taxation	10	27,765,620	18,227,623	49,752,388	29,943,720
<b>Profit after taxation</b>		<b>63,495,929</b>	<b>42,021,326</b>	<b>121,870,056</b>	<b>66,579,534</b>
<b>Earnings per share - Basic and diluted</b>	11	<b>3.53</b>	<b>2.34</b>	<b>6.78</b>	<b>3.70</b>

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

  
**MIAN ASAD HAMEED**  
 CHIEF EXECUTIVE

  
**SAEED IQBAL KHAN**  
 DIRECTOR



# SAZGAR ENGINEERING WORKS LIMITED

## CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE QUARTER & NINE MONTH ENDED MARCH 31, 2017

Third Quarter Ended		Nine Month Ended	
Jan - Mar 2017	Jan - Mar 2016	July - Mar 2017	July - Mar 2016
Rupees	Rupees	Rupees	Rupees

PROFIT AFTER TAXATION FOR THE PERIOD	63,495,929	42,021,326	121,870,056	66,579,534
Other comprehensive income / (loss) for the period	-	-	-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>63,495,929</b>	<b>42,021,326</b>	<b>121,870,056</b>	<b>66,579,534</b>

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

  
MIAN ASAD HAMEED

CHIEF EXECUTIVE

  
SAEED IQBAL KHAN

DIRECTOR



**SAZGAR ENGINEERING WORKS LIMITED**  
**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)**  
**FOR THE NINE MONTH ENDED MARCH 31, 2017**

	Nine Month Ended	
	July - Mar 2017	July - Mar 2016
	Rupees	Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	171,622,444	96,523,254
<b>Adjustment for non cash charges and other items:</b>		
Depreciation	15,381,972	14,674,419
Amortization	66,279	73,285
Provision for gratuity	13,763,535	13,626,054
Finance cost	1,042,925	2,638,350
Other Income	(2,654,339)	(3,635,111)
	<b>27,600,372</b>	<b>27,376,997</b>
	<b>199,222,816</b>	<b>123,900,251</b>
<b>Working capital changes</b>		
<b>(Increase)/Decrease in current assets</b>		
Store, spares and loose tools	(1,283,918)	(5,709,223)
Stock-in-trade	(122,994,831)	20,200,699
Trade debts	(43,998,878)	39,582,241
Loans & Advances	7,887,222	(2,348,370)
Trade Deposits and short term prepayments	(45,170,636)	(52,713,806)
Other receivables	2,217,526	(3,210,978)
<b>Increase in current liabilities</b>		
Trade and other payables	260,144,917	118,155,915
<b>Increase in Long term loans and advances</b>	<b>(346,846)</b>	<b>(3,735,035)</b>
	<b>56,454,556</b>	<b>110,221,443</b>
<b>Cash generated from operations</b>	<b>255,677,372</b>	<b>234,121,694</b>
Finance cost paid	(1,048,461)	(2,936,604)
Income tax paid/deducted at source	(51,720,603)	(30,742,891)
Employees retirement benefit - gratuity paid	(2,911,742)	(1,718,005)
Workers' Profit Participation Fund Paid	(8,287,790)	(5,354,439)
<b>Net cash generated from operating activities</b>	<b>191,708,776</b>	<b>193,369,755</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Property, plant and equipment purchased	(225,784,865)	(15,253,430)
Increase in long term deposits	(865,000)	-
Proceeds from sale of property, plant and equipment	2,400,689	5,245,000
<b>Net cash used in investing activities</b>	<b>(224,249,176)</b>	<b>(10,008,430)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds of short term borrowings	-	36,458,115
Repayment of short term borrowings	-	(52,706,398)
Repayment of finance lease	(698,442)	(1,833,029)
Dividend paid	(30,081,354)	(17,884,722)
<b>Net cash used in financing activities</b>	<b>(30,779,796)</b>	<b>(35,966,034)</b>
<b>NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(63,320,196)</b>	<b>147,395,291</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<b>166,898,133</b>	<b>18,282,048</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>103,577,937</b>	<b>165,677,339</b>

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

  
**MIAN ASAD HAMEED**

CHIEF EXECUTIVE

  
**SAQIB IQBAL KHAN**

DIRECTOR



# SAZGAR ENGINEERING WORKS LIMITED

## CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE NINE MONTH ENDED MARCH 31, 2017

	Share Capital Rupees	Un-appropriated Profit Rupees	Total Rupees
<b>Balance as at June 30, 2015-Audited</b>	179,723,680	437,195,803	616,919,483
Final Dividend for the year ended June 30, 2015 @ Re.1.00 per share	-	(17,972,368)	(17,972,368)
Interim Dividend for the year ended June 30, 2016 @ Re.1.00 per share	-	(17,972,368)	(17,972,368)
Total Comprehensive Income for the nine month ended March 31, 2016	-	66,579,534	66,579,534
<b>Balance as at March 31, 2016-Un-Audited</b>	<b>179,723,680</b>	<b>467,830,601</b>	<b>647,554,281</b>
<b>Balance as at June 30, 2016 - Audited</b>	179,723,680	509,691,079	689,414,759
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 Comprehensive Income for the nine month ended March 31, 2017	-	121,870,056	121,870,056
<b>Balance as at March 31, 2017-Un-Audited</b>	<b>179,723,680</b>	<b>582,137,123</b>	<b>761,860,803</b>

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



**MIAN ASAD HAMEED**  
CHIEF EXECUTIVE



**SAEED IQBAL KHAN**  
DIRECTOR

# SAZGAR ENGINEERING WORKS LIMITED

## NOTES TO THE CONDENSED FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTH ENDED MARCH 31, 2017

---

### 1 LEGAL STATUS AND OPERATIONS

The Company was incorporated in Pakistan on September 21, 1991 as a Private Limited Company under the Companies Ordinance 1984 and converted into a Public Limited Company on November 21, 1994. The Company is listed on the Pakistan Stock Exchange Limited. The Company is engaged in the manufacture and sale of automobiles, automotive parts and house hold electric appliances. The registered office of the company is situated at 88- Ali Town, Thokar Niaz Baig, Raiwind Road, Lahore.

### 2 BASIS OF PREPARATION

2.1 These condensed interim financial statements (un-audited) of the Company for the nine month ended March 31, 2017 have been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 - 'Interim Financial Reporting' and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 are followed. These condensed interim financial statements (un-audited) are being submitted to the share holders as required by section 245 of the Companies Ordinance 1984.

2.2 These condensed interim financial statements do not include all the information and disclosures as required in the annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended June 30, 2016

### 2.3 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

#### 2.3.1 Financial risk factors

The Company's activities expose to a variety of financial risks namely market risk (including currency risk, price risk and interest rate risk), credit risk, foreign exchange risk and liquidity risk. There has been no change in the risk management policies during the period, consequently this condensed interim financial statements does not include all financial risk management information and disclosures required in the annual financial statements.

#### 2.3.2 Fair Value of financial assets and liabilities

The carrying value of all financial assets and liabilities reflected in this condensed interim financial information approximate their fair value.

### 2.4 CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard 34- 'Interim Financial Reporting', the condensed interim balance sheet has been compared with the balances of annual audited financial statements of preceding financial year, whereas, the condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim cash flow statement have been compared with the balances of comparable period of immediately preceding financial year.

### 3 STATEMENT OF CONSISTENCY IN ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of these condensed interim financial statements are consistent with those applied in the preparation of the annual audited financial statements for the year ended June 30, 2016 except for the adoption of new and amended standards and interpretations as follows:



# SAZGAR ENGINEERING WORKS LIMITED

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTH ENDED MARCH 31, 2017

### New / Revised Standards, Interpretations and Amendments

The Company has adopted the following amendments to IFRS which become effective for the current period:

IAS-1 Presentation of Financial Statements: Disclosure Initiative (Amendment)

IAS-16 Property, Plant & Equipment and IAS 38 Intangible Assets: Classification of Acceptable Method of Depreciation and Amortization (Amendment)

In addition to above standard and interpretation, improvements to various accounting standards have also been issued by the IASB and are generally effective for current period. The adoption of the above amended standards/improvements and interpretation did not have any material effect on the condensed interim financial statements.

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

March 31, 2017	June 30, 2016		Un-audited	Audited
			March 31, 2017	June 30, 2016
Number	Number		Rupees	Rupees
7,163,000	7,163,000	ordinary shares of Rupees 10/- each fully paid up in cash	71,630,000	71,630,000
10,809,368	10,809,368	ordinary shares of Rupees 10/- each allotted as bonus shares	108,093,680	108,093,680
<u>17,972,368</u>	<u>17,972,368</u>		<u>179,723,680</u>	<u>179,723,680</u>

#### 5 CONTINGENCIES AND COMMITMENTS

##### 5.1 Contingencies

There is no significant change in contingencies from the preceding annual published financial statement of the Company for the year ended June 30, 2016.

##### 5.2 Commitments

##### 5.2.1 Commitments in respect of financing facilities:

LIMIT Nos.	PARTICULARS	March 31, 2017	June 30, 2016	March 31, 2017	June 30, 2016
		Rupees	Rupees	Rupees	Rupees
		LIMITS AVAILABLE		LIMITS UTILIZED	
	Not Later Than one Year				
1	Foreign LC Sight / Inland LC- Gross	440,000,000	440,000,000	163,749,969	90,836,072
2	FATR -Sublimit of Limit no.1	88,000,000	88,000,000	-	-
3	Murabaha Sublimit of Limit no.2	40,000,000	40,000,000	-	-
4	Murabaha Sublimit of Limit no.1	100,000,000	100,000,000	-	-
5	Running Musharika Sublimit of Limit no. 1	60,000,000	60,000,000	-	-
6	Istisna Sublimit of Limit no.1	40,000,000	40,000,000	-	-
7	Guarantee	-	8,040,000	-	-

# SAZGAR ENGINEERING WORKS LIMITED

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTH ENDED MARCH 31, 2017

	NOTES	Un-audited		Audited		
		March 31, 2017		June 30, 2016		
		Rupees		Rupees		
<b>6</b>	<b>PROPERTY, PLANT AND EQUIPMENT</b>					
	Operating fixed assets	6.1	265,475,870		241,027,824	
	Capital work in progress		188,133,615		490,334	
	Advance for purchase of vehicles		-		3,000,000	
			<u>453,609,485</u>		<u>244,518,158</u>	
<b>6.1</b>	<b>OPERATING FIXED ASSETS - Tangible</b>					
	Opening book value		241,027,824		241,477,525	
	Add:					
	Additions during the period (at cost)					
	- Freehold Land		22,527,054		-	
	- Building and civil works on leasehold land		-		2,509,800	
	- Building and civil works on freehold land		1,679,815		7,811,351	
	- Plant and machinery		-		4,866,771	
	- Electric fittings		1,115,063		-	
	- Office equipments		177,652		274,869	
	- Electric installations		29,000		-	
	- Vehicles		15,613,000		8,908,500	
			41,141,584		24,371,291	
	Less:					
	Disposal during the period (at net book value)					
	- Furniture and fittings		14,390		-	
	- Office Equipment		18,747		-	
	- Electric Installations		2,433		-	
	- Vehicles		1,275,997		5,017,261	
	Depreciation charged during the period		15,381,972		19,803,732	
			16,693,539		24,820,993	
	Closing book value		<u>265,475,870</u>		<u>241,027,824</u>	
<b>7</b>	<b>INTANGIBLE ASSETS</b>					
	Opening book value		135,605		232,767	
	Add: additions during the period		-		-	
			135,605		232,767	
	Less: amortization charged during the period		66,279		97,162	
	Closing book value		<u>69,326</u>		<u>135,605</u>	
<b>8</b>	<b>SALES - NET</b>					
		NOTES	Jan-Mar 2017 Rupees	Jan-Mar 2016 Rupees	July-Mar 2017 Rupees	July-Mar 2016 Rupees
	Gross sales	8.1	1,500,215,826	1,117,341,551	3,328,041,988	2,427,256,313
	Less: Sales tax		217,529,072	160,781,675	478,121,452	350,671,254
	Sales returns		6,592,833	6,567,240	16,975,737	14,201,741
	Commission		24,260,166	21,599,754	61,620,682	42,461,044
			<u>248,382,071</u>	188,948,669	556,717,871	407,334,039
			<u>1,251,833,755</u>	<u>928,392,882</u>	<u>2,771,324,117</u>	<u>2,019,922,274</u>

8.1 This includes Rs. 38.83 million (March 31, 2016: Rs.14.48 million) on account of export sales for nine month.

# SAZGAR ENGINEERING WORKS LIMITED

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTH ENDED MARCH 31, 2017

	Jan-Mar 2017 Rupees	Jan-Mar 2016 Rupees	July-Mar 2017 Rupees	July-Mar 2016 Rupees
<b>9 COST OF SALES</b>				
Raw materials and components consumed	813,691,637	695,570,787	2,239,925,615	1,693,841,101
Salaries, wages and other benefits	71,841,448	48,478,298	184,211,134	141,316,184
Stores, spares and loose tools consumed	16,716,486	5,858,396	33,415,401	19,493,822
Power and fuel charges	17,888,381	9,842,049	46,744,880	31,973,114
Repair and maintenance	24,737,179	13,245,406	74,076,192	39,887,842
Provision for slow moving items	-	-	667,321	1,512,431
Other expenses	1,839,914	1,280,476	5,052,061	4,970,110
Depreciation & Amortization	3,250,931	3,209,536	9,655,139	9,568,779
	<u>949,965,976</u>	<u>777,484,948</u>	<u>2,593,747,743</u>	<u>1,942,563,383</u>
Opening work-in-process	14,673,100	18,271,181	15,490,216	16,984,905
Closing work-in-process	(16,561,232)	(17,179,443)	(16,561,232)	(17,179,443)
Cost of goods manufactured	948,077,844	778,576,686	2,592,676,727	1,942,368,845
Opening finished goods	445,766,412	270,620,846	167,986,268	97,592,914
Closing finished goods	(284,397,160)	(220,230,223)	(284,397,160)	(220,230,223)
	<u>1,109,447,096</u>	<u>828,967,309</u>	<u>2,476,265,835</u>	<u>1,819,731,536</u>

### 10 TAXATION

#### Current

For the period	28,013,637	18,537,662	53,645,353	32,890,045
Prior period	-	-	(1,182,232)	(1,029,754)

#### Deferred

For the period	(248,017)	(310,039)	(2,710,733)	(1,916,571)
	<u>27,765,620</u>	<u>18,227,623</u>	<u>49,752,388</u>	<u>29,943,720</u>

10.1 The rate of tax has decreased from 32% to 31% during the period.

### 11 EARNINGS PER SHARE - BASIC AND DILUTED

#### Basic Earnings Per Share

Profit after taxation for the period - Rupees	63,495,929	42,021,326	121,870,056	66,579,534
Weighted average number of ordinary shares outstanding during the period - Note 4	17,972,368	17,972,36	17,972,368	17,972,368
Basic earnings per share - Rupees	3.53	2.34	6.78	3.70

#### 11.1 Diluted earnings per share

The diluted earnings per share has not been presented as the Company does not have any convertible instruments in issue as at March 31, 2017 and March 31, 2016, which would have any effect on earning per share if the option to convert is exercised.

### 12 TRANSACTIONS WITH RELATED PARTIES

Remuneration, Allowances and benefits paid to Chief Executive and Executive Director(s)

July-Mar 2017 Rupees	July-Mar 2016 Rupees
----------------------------	----------------------------

11,199,759

10,735,000

# SAZGAR ENGINEERING WORKS LIMITED

## NOTES TO THE CONDENSED FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTH ENDED MARCH 31, 2017

### 13 SEGMENT RESULTS

	Jan-Mar 2017	Jan-Mar 2016	July-Mar 2017	July-Mar 2016
	Rupees	Rupees	Rupees	Rupees
<b>Segment Revenue</b>				
Home appliances	41,000	45,400	952,700	670,643
Auto parts	156,270,906	89,816,665	349,202,868	237,856,810
Auto rickshaw	1,095,521,849	838,530,817	2,421,168,549	1,781,394,821
<b>Total</b>	<b>1,251,833,755</b>	<b>928,392,882</b>	<b>2,771,324,117</b>	<b>2,019,922,274</b>
<b>Segment operating results</b>				
Home appliances	(9,216)	(14,723)	(176,265)	(181,388)
Auto parts	5,209,028	1,291,776	7,512,789	(1,638,268)
Auto rickshaw	92,136,787	62,831,972	175,399,349	109,409,812
<b>Total</b>	<b>97,336,599</b>	<b>64,109,025</b>	<b>182,735,873</b>	<b>107,590,156</b>

### 14 DATE OF AUTHORIZATION FOR ISSUE

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

### 15 GENERAL

- 15.1 The excess production of Auto-Rickshaw over normal capacity is due to working on over-time schedule to meet increased Demand.
- 15.2 The figures have been rounded off to the nearest Rupee.

  
MIAN ASAD HAMEED  
CHIEF EXECUTIVE

  
SAEED IQBAL KHAN  
DIRECTOR



# **Book Post**

**Under Postal Certificate**

## **Sazgar Engineering Works Limited**

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

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

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

**sazgar@brain.net.pk**

**info@sazgarautos.com**

**www.sazgarautos.com**