



Quarterly Financial Statements

(Un-Audited)

March 31, 2020



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

Mrs. Sana Suleyman
Non-Executive Director

Mr. Humza Amjad Wazir
Non-Executive Director

Mr. Umair Ejaz
Independent Director

Mr. Sardar Ejaz Ishaq Khan
Independent Director

Mr. Taha Mahmood
Independent Director

COMPANY SECRETARY

Mr. Arshad Mahmood - FCA

CHIEF FINANCIAL OFFICER

Mr. Muhammad 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. Umair Ejaz
Chairman

Mr. Taha Mahmood
Member

Mrs. Sana Suleyman
Member

Mr. Arshad Mahmood
Secretary

HUMAN RESOURCE & REMUNERATION COMMITTEE

Mr. Taha Mahmood
Chairman

Mr. Mian Asad Hameed
Member

Mr. Humza Amjad Wazir
Member

Mr. Umair Ejaz
Member

Mr. Arshad Mahmood
Secretary

AUDITORS

H.Y.K & Co.
Chartered Accountants

BANKERS

Allied Bank Limited
National Bank of Pakistan
Bank Alfalah Limited
Habib Bank Limited
Meezan Bank Limited
United Bank Limited - Ameen
Bank Al - Habib Limited
MCB Islamic Bank Limited
Bank Islami Pakistan Limited



DIRECTORS' REVIEW

The directors of your Company are pleased to present the un-audited condensed interim financial statements for the 3rd quarter and nine months ended March 31, 2020 along with their review on the affairs of the Company.

Financial Results:

The Company's business was started to improve during the 3rd quarter as compared to the previous quarters of the current financial year. However, the sudden outbreak of pandemic COVID-19 throughout the country has halted the business activities under the lock down announced by the Provincial Governments which has adversely affected the production and sales volume of the Company.

The net sales of 3rd quarter has decreased by 0.48% from Rs. 1,038.790 M to Rs. 1,033.796 M, gross profit increased by 6.57% from Rs. 111.592 M to Rs. 118.927 M and pre-tax profit decreased by 27.15% from Rs. 50.558 M to Rs. 36.830 M compared with the corresponding period of last year.

Whereas the nine months' net sales has decreased by 8.99% from Rs. 2.430 Billion to Rs. 2.212 Billion, gross profit by 0.25% from Rs. 255.712 M to Rs. 255.077 M and pre-tax profit by 44.46% from Rs. 96.189M to Rs. 53.422M compared with the corresponding period of last year.

The earnings per share for the cumulatively nine months and 3rd quarter have decreased from Rs. 3.09 to Rs. 1.88 and from Rs. 1.58 to Rs. 1.26 respectively compared with the corresponding period of last year.

During the 3rd quarter and cumulatively nine months, the Company produced 4,419 & 10,463 units of Three Wheelers whereas during the corresponding periods of last year, the production was 4,607 and 12,832 units respectively.

The production of wheel rims was 13,930 & 51,228 in 3rd quarter and cumulatively nine months whereas the production of wheel rims during the same corresponding periods was 18,240 & 51,518 respectively.

Announcement of Right Issue:

The Board of Directors of the Company in their meeting held on February 07, 2020 has decided to issue 65.8418140217 Right Shares for every 100 ordinary shares held i.e. 65.8418140217% at par value of Rs. 10/- per share and Rs. 40/- as premium (i.e. Rs. 50/- per share) to raise funds of Rs. 710.00 million.

Election of Directors:

The election of directors of the Company was held as on March 19, 2020 in the Extra ordinary General Meeting of the Company and new Board has been constituted for a period of three years commencing from March 20, 2020. The names of nine (9) newly elected directors are given below:

- | | | |
|---|---|---|
| 1. Mr. Mian Asad Hameed | 2. Mrs. Saira Asad Hameed | 3. Mr. Saeed Iqbal Khan |
| 4. Mr. Mian Muhammad Ali Hameed | 5. Mrs. Sana Suleyman | 6. Mr. Humza Amjad Wazir |
| 7. Mr. Sardar Ejaz Ishaq Khan
(Independent Director) | 8. Mr. Taha Mahmood
(Independent Director) | 9. Mr. Umair Ejaz
(Independent Director) |



SAZGAR ENGINEERING WORKS LIMITED

Appointment of Chairperson, Chief Executive and Executive Directors:

The Board has appointed Mrs. Saira Asad Hameed as Chairperson, Mr. Mian Asad Hameed as Chief Executive, Mr. Saeed Iqbal Khan as Executive Director-Technical and Mr. Mian Muhammad Ali Hameed as Executive Director-Marketing of the Company as on March 28, 2020 for a period of three years commencing from March 28, 2020. The Board has also fixed the monthly Remuneration of Chief Executive at Rs. 2.20 M, Executive Director-Technical at Rs. 1.050 M and Executive Director-Marketing at Rs. 0.425 M.

Progress on Four Wheeler Project:

Your Company is trying its level best to achieve the completion date of project as per estimated time schedule, however, progress work may be adversely affected due to pandemic COVID-19.

Future Outlook:

Sudden outbreak of pandemic COVID-19 in the country followed by lock down of businesses and substantial depreciation of Pak-Rupee against foreign currencies will have negative effect on the production and sales volume of the Company during the last quarter of current financial year. The reduction in borrowing cost, however, would have positive impact on the profitability of the Company. It is hoped that the Government of Pakistan will control the situation and provide the workable conditions to the industries for the continuity of the business activities in the country.

The company is committed to pass through these challenges by taking appropriate measures for achieving the stability and growth in sales volume and profitability.


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: 16-04-2020


Mian Asad Hameed
(Chief Executive)


Saeed Iqbal Khan
(Director)



ڈائریکٹرز کا جائزہ

آپ کی کمپنی کے ڈائریکٹرز 31 مارچ 2020 کو مکمل ہونے والی تیسری سرمایہ اور نوامی کے لئے غیر پڑا تال شدہ بوری مالیاتی گوشوارے کے معاملات پر اپنا جائزہ پیش کرتے ہیں۔

مالیاتی نتائج:

موجودہ مالی سال کی پچھلی سرمایہ میں تیسری سرمایہ کے مقابلے میں تیسری سرمایہ کے دوران کمپنی کا کاروبار بہتر ہونا شروع ہوا تھا۔ تاہم، ملک بھر میں وبائی مرض کرونا وائرس COVID-19 کے اچانک پھیلنے سے صوبائی حکومتوں کے اعلان کردہ لاک ڈاؤن کے تحت کاروباری سرگرمیاں رگ گئی ہیں۔ جس سے کمپنی کی پیداوار اور فروخت کا حجم بری طرح متاثر ہوا ہے۔

پچھلے مالیاتی سال کی تیسری سرمایہ کے مقابلے میں اس سال کی تیسری سرمایہ میں مجموعی فروخت 0.48 فی صد کی حساب سے 1,038,790 ملین روپے سے کم ہو کر 1,033,796 ملین روپے ہو گئی ہے، مجموعی منافع 6.57 فی صد کے حساب سے 111,592 ملین روپے سے بڑھ کر 118,927 ملین روپے اور قبل از ٹیکس منافع 27.15 فی صد کے حساب سے 50,558 ملین روپے سے کم ہو کر 36,830 ملین روپے ہو گیا ہے۔

جبکہ پچھلے مالیاتی سال کی نوامی کے مقابلے میں اس سال کی نوامی میں مجموعی فروخت 8.99 فی صد کے حساب سے 2,430 ملین روپے سے کم ہو کر 2,212 ملین روپے ہو گئی ہے، مجموعی منافع 0.25 فی صد کے حساب سے 255,712 ملین روپے سے کم ہو کر 255,077 ملین روپے اور قبل از ٹیکس منافع 44.46 فی صد کے حساب سے 96,189 ملین روپے سے کم ہو کر 53,422 ملین روپے ہو گیا ہے۔

پچھلے مالیاتی سال کی نوامی کے مقابلے میں اس سال کی نوامی کی مجموعی فی حصص آمدن 3.09 روپے سے کم ہو کر 1.88 روپے ہو گئی ہے اور تیسری سرمایہ کی فی حصص آمدن 1.58 روپے سے کم ہو کر 1.26 روپے ہو گئی ہے۔

کمپنی نے تیسری سرمایہ اور مجموعی طور پر نوامی کے دوران با ترتیب 4,419 عدد اور 10,463 عدد تفریحی ویلز بنائے جبکہ پچھلے سال اسی عرصہ کے دوران تفریحی ویلز کی پیداوار با ترتیب 4,607 عدد اور 12,832 عدد تھی۔

اس سال کی تیسری سرمایہ اور مجموعی طور پر نوامی میں ویلز رزرو کی پیداوار با ترتیب 13,930 اور 51,228 تھی جبکہ پچھلے سال اسی عرصہ کے دوران ویلز رزرو کی پیداوار با ترتیب 18,240 اور 51,518 تھی۔

رائٹ ایسٹو کا اعلان:

کمپنی کے بورڈ آف ڈائریکٹرز نے 07 فروری 2020 کو اپنے متفقہ اجلاس میں 710.00 ملین روپے کا نڈ جمع کرنے کے لئے 65.8418140217 حصص ہر 100 حصص کے عوض یعنی 65.8418140217 فی صد، 10 روپے فی سہادی حصص اور 40 روپے پر یکم (یعنی 50 روپے فی حصص) جاری کرنے کا فیصلہ کیا ہے۔

ڈائریکٹرز کا انتخاب:

کمپنی کے ڈائریکٹرز کا انتخاب 19 مارچ، 2020 کو منعقد ہونے والے غیر معمولی اجلاس عام میں کیا گیا تھا اور نیا بورڈ 20 مارچ 2020 سے شروع ہونے والی تین سال کی مدت کے لئے تشکیل دیا گیا ہے۔ نئے منتخب ہونے والے (9) ڈائریکٹرز کے نام ذیل میں دیئے گئے ہیں:

1. جناب میاں اسد حمید
2. محترمہ سائرہ اسد حمید
3. جناب سعید اقبال خان
4. جناب میاں محمد علی حمید
5. محترمہ ثناء سلیمان
6. جناب حمزہ امجد زبیر
7. جناب سردار اعجاز اسحاق خان (آزاد ڈائریکٹر)
8. جناب طلحہ محمود (آزاد ڈائریکٹر)
9. جناب عمیر اعجاز (آزاد ڈائریکٹر)



SAZGAR ENGINEERING WORKS LIMITED

چیئر پرسن، چیف ایگزیکٹو اور ایگزیکٹو ڈائریکٹرز کی تقرری:

بورڈ نے 28 مارچ 2020ء سے شروع ہونے والی تین سال کی مدت کے لئے محترمہ سائرہ اسمتید کو چیئر پرسن، جناب میاں اسمتید کو چیف ایگزیکٹو، جناب سعید اقبال خان کو ایگزیکٹو ڈائریکٹر ٹیکنیکل اور جناب میاں محمد علی سعید کو چیئر ڈائریکٹر مارکیٹنگ مقرر کیا ہے۔ بورڈ نے چیف ایگزیکٹو کا مہانہ مشاہرہ 2.20 ملین روپے، ایگزیکٹو ڈائریکٹر ٹیکنیکل کا 1.050 ملین روپے اور ایگزیکٹو ڈائریکٹر مارکیٹنگ کا 0.425 ملین روپے بھی مقرر کیا ہے۔

فورویئر پروجیکٹ پر ترقیاتی کام:

آپ کی کئی پروجیکٹ کی تجدید مدت میں تکمیل کے لئے بھرپور کوشش کر رہی ہے تاہم وبائی مرض کرونا COVID-19 کی وجہ سے پیشرفت کا کام بری طرح متاثر ہو سکتا ہے۔

مستقبل پر نقطہ نظر:

ملک میں وبائی مرض کرونا COVID-19 کے اچانک پھیل جانے کے بعد کاروباری اداروں کا لاک ڈاؤن اور غیر ملکی کرنسی کے مقابلہ میں پاکستانی روپے میں نمایاں اتتری کے نتیجے میں رواں مالی سال کی آخری سہ ماہی کے دوران کئی کی پیداوار اور فروخت کے حجم پر منفی اثر پڑے گا۔ قرضوں کے حصول کی لاگت میں کمی، تاہم کئی کے منافع پر مثبت اثر ڈالے گی۔ امید ہے کہ حکومت پاکستان صورت حال پر قابو پاسلے گی اور ملک میں کاروباری سرگرمیوں کے تسلسل کے لئے صنعتوں کو قائل عمل ماحول فراہم کرے گی۔

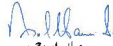
کئی فروخت کے حجم اور منافع میں استحکام اور ترقی کے حصول کے لئے مناسب اقدامات کر کے ان چیلنجز سے گزرنے کے لئے پرعزم ہے۔

ڈائریکٹرز کئی کے ملازمین کی انتھک کوششوں، ٹیم ورک اور لگن جس کا اظہار انہوں نے موجودہ عرصہ کے دوران کیا ہے، کے شکر گزار ہیں۔ وہ اپنے معزز حصص داران کا رو باری شرکت دار اور مالی اداروں کے کئی کے ساتھ مسلسل تعاون کرنے پر بھی شکر گزار ہیں۔

بورڈ آف ڈائریکٹرز کی جانب سے



سعید اقبال خان
ڈائریکٹر



میاں اسمتید
چیف ایگزیکٹو

لاہور

مورخہ 16 اپریل 2020



SAZGAR ENGINEERING WORKS LIMITED

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION - UN-AUDITED AS AT MARCH 31, 2020

	Note	Un-audited	Audited
		March 31, 2020	June 30, 2019
		Rupees	Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital	4.1	500,000,000	500,000,000
Issued, subscribed and paid-up share capital	4.2	215,668,420	215,668,420
Share deposit money	4.3	472,640,900	-
Revenue reserve - Un-appropriated Profit		869,607,004	829,038,827
		<u>1,557,916,324</u>	<u>1,044,707,247</u>
LIABILITIES			
NON CURRENT LIABILITIES			
Long term financing		235,305,640	201,669,995
Deferred Liabilities		187,742,002	168,967,159
CURRENT LIABILITIES			
Trade and other payables		691,694,193	515,981,079
Unclaimed dividend		1,443,792	1,496,234
Profit accrued on loans and other payables		38,080,017	15,695,208
Short term borrowings		196,620,324	-
Current portion of long term liabilities		40,633,354	22,401,560
		<u>968,471,680</u>	<u>555,574,081</u>
CONTINGENCIES AND COMMITMENTS	5	-	-
TOTAL EQUITY AND LIABILITIES		<u>2,949,435,646</u>	<u>1,970,918,482</u>
ASSETS			
NON CURRENT ASSETS			
Property, Plant and Equipment	6	1,139,697,414	998,079,388
Intangible Assets	7	84,398	108,560
Long term Loan and Advances		28,835,193	24,895,253
Long Term Deposits		3,512,855	3,319,855
Deferred taxation		11,683,102	-
CURRENT ASSETS			
Stores, spares and loose tools		4,068,164	2,992,529
Stock-in-trade		856,576,641	645,847,730
Trade debts		105,750,049	115,605,575
Loans & advances		18,784,262	16,220,005
Trade deposits and short term prepayments		47,924,038	48,610,555
Other receivables		159,030,634	109,271,671
Cash and bank balances		573,488,896	5,967,361
		<u>1,765,622,684</u>	<u>944,515,426</u>
TOTAL ASSETS		<u>2,949,435,646</u>	<u>1,970,918,482</u>

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


MIAN ASAD HAMEED
CHIEF EXECUTIVE


SAEED IQBAL KHAN
DIRECTOR


MUHAMMAD ATIF RAO
CHIEF FINANCIAL OFFICER



SAZGAR ENGINEERING WORKS LIMITED

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED) FOR THE THIRD QUARTER AND NINE MONTHS ENDED MARCH 31, 2020

	Note	Third Quarter Ended		Nine Months Ended	
		Jan - Mar 2020	Jan - Mar 2019	July - Mar 2020	July - Mar 2019
		Rupees	Rupees	Rupees	Rupees
Sales - Net	8	1,033,795,794	1,038,789,676	2,211,796,260	2,430,321,194
Cost of sales	9	914,868,826	927,197,734	1,956,719,195	2,174,609,467
Gross Profit		118,926,968	111,591,942	255,077,065	255,711,727
Distribution cost		35,622,125	27,171,008	74,939,524	67,532,290
Administrative expenses		29,160,074	23,422,940	80,585,454	71,509,275
Other operating expenses		2,938,014	4,664,218	5,338,999	9,157,045
		67,720,213	55,258,166	160,863,977	148,198,610
		51,206,755	56,333,776	94,213,088	107,513,117
Other income		3,528,366	1,321,289	9,158,687	3,679,451
Operating profit before finance cost		54,735,121	57,655,065	103,371,775	111,192,568
Finance cost		17,904,647	7,096,984	49,949,790	15,003,893
Profit before taxation		36,830,474	50,558,081	53,421,985	96,188,675
Taxation	10	9,580,681	16,574,687	12,853,808	29,508,987
Profit after taxation		27,249,793	33,983,394	40,568,177	66,679,688
Earnings per share - Basic and diluted	11	1.26	1.58	1.88	3.09

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


MUHAMMAD ATIF RAO
CHIEF FINANCIAL OFFICER



SAZGAR ENGINEERING WORKS LIMITED

CONDENSED INTERIM STATEMENT OF THE OTHER COMPREHENSIVE INCOME (UN-AUDITED) FOR THE THIRD QUARTER AND NINE MONTHS ENDED MARCH 31, 2020

	Third Quarter Ended		Nine Months Ended	
	Jan - Mar 2020	Jan - Mar 2019	July - Mar 2020	July - Mar 2019
	Rupees	Rupees	Rupees	Rupees
PROFIT AFTER TAXATION FOR THE PERIOD	27,249,793	33,983,394	40,568,177	66,679,688
OTHER COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	27,249,793	33,983,394	40,568,177	66,679,688

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


MUHAMMAD ATIF RAO
CHIEF FINANCIAL OFFICER



SAZGAR ENGINEERING WORKS LIMITED

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2020

	Share Capital Rupees	Share Deposit Money	Un-appropriated Profit Rupees	Total Rupees
Balance as at June 30, 2018 - Audited	215,668,420	-	741,695,967	957,364,387
Comprehensive Income for the period				
Profit after taxation	-	-	66,679,688	66,679,688
Other Comprehensive Income / (Loss)	-	-	-	-
Total comprehensive income for the period ended March 31, 2019	-	-	66,679,688	66,679,688
Balance as at March 31, 2019 - Un-audited	<u>215,668,420</u>	<u>-</u>	<u>808,375,655</u>	<u>1,024,044,075</u>
Balance as at June 30, 2019 - Audited	215,668,420	-	829,038,827	1,044,707,247
Share deposit money received during the period	-	472,640,900	-	472,640,900
Comprehensive Income for the period				
Profit after taxation	-	-	40,568,177	40,568,177
Other Comprehensive Income / (Loss)	-	-	-	-
Total comprehensive income for the period ended March 31, 2020	-	-	40,568,177	40,568,177
Balance as at March 31, 2020 - Un-audited	<u>215,668,420</u>	<u>472,640,900</u>	<u>869,607,004</u>	<u>1,557,916,324</u>

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


MIAN ASAD HAMEED
CHIEF EXECUTIVE


SAEED IQBAL KHAN
DIRECTOR


MUHAMMAD ATIF RAO
CHIEF FINANCIAL OFFICER



SAZGAR ENGINEERING WORKS LIMITED

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2020

	Nine Months Ended	
	July - Mar 2020	July - Mar 2019
	Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	53,421,985	96,188,675
Adjustment for non cash charges and other items:		
Depreciation	14,388,869	14,550,304
Amortization	24,162	39,584
Provision for staff retirement gratuity	30,244,734	21,493,776
Finance cost	49,949,790	15,003,893
Other Income	(9,158,687)	(3,679,451)
	85,448,868	47,408,106
	138,870,853	143,596,781
Working capital changes		
(Increase)/Decrease in current assets		
Store, spares and loose tools	(1,075,635)	481,221
Stock-in-trade	(210,728,912)	(189,365,506)
Trade debts	9,855,526	(34,121,593)
Loans & Advances	(2,564,257)	(887,996)
Trade Deposits and short term prepayments	686,517	58,658,926
Other receivables	(701,109)	-
(Decrease) / Increase in current liabilities		
Trade and other payables	150,477,571	91,491,908
Increase in Long term loans and advances	(3,939,940)	(7,044,997)
	(57,990,239)	(80,788,037)
Cash generated from operations	80,880,614	62,808,744
Finance cost paid	(27,564,981)	(9,596,706)
Income tax paid/deducted at source	(48,878,483)	(46,757,290)
Employees retirement benefit - gratuity paid	(2,336,216)	(2,449,532)
Workers' Profit Participation Fund Paid	(6,080,459)	(24,793,863)
Net cash used in operating activities	(3,979,525)	(20,788,647)
CASH FLOW FROM INVESTING ACTIVITIES		
Property, plant and equipment purchased	(157,944,723)	(266,950,269)
Increase in long term deposits	(193,000)	(321,150)
Proceeds from sale of property, plant and equipment	4,480,000	2,450,000
Net cash used in investing activities	(153,657,723)	(264,821,419)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds of long term borrowings	51,867,439	215,651,618
Proceeds of short term borrowings	2,101,256,224	1,184,066,351
Repayment of short term borrowings	(1,904,635,899)	(1,147,275,191)
Share deposit money	472,640,900	-
Profit received on saving account	4,082,560	-
Dividend paid	(52,441)	(105,118)
Net cash generated from financing activities	725,158,783	252,337,660
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	567,521,535	(33,272,406)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	5,967,361	35,324,803
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	573,488,896	2,052,397

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


MUHAMMAD ATIF RAO
CHIEF FINANCIAL OFFICER



SAZGAR ENGINEERING WORKS LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2020

1 LEGAL STATUS AND OPERATIONS

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 four wheeler manufacturing facility, which is under construction, is situated at Western Tank Link Road, Near Ijtimah Chowk, Sundar Road, Raiwind, Lahore.

2 BASIS OF PREPARATION

2.1 These condensed interim financial statements (un-audited) of the Company for the nine months ended March 31, 2020 have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for Interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of; International Accounting Standard (IAS) 34, Interim Financial Reporting, 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 (the "Act"). Where the provisions of and directives issued under the Companies Act, 2017 (the "Act") differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 (the "Act") have been followed.

2.2 These condensed interim financial statements (un-audited) are being submitted to the shareholders as required by section 237 of The Companies Act, 2017 (the "Act").

2.3 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 audited financial statements for the year ended June 30, 2019.

2.4 FINANCIAL RISK MANAGEMENT, FINANCIAL INSTRUMENTS AND ACCOUNTING ESTIMATES AND JUDGMENTS

2.4.1 Financial risk management

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements for the year ended June 30, 2019.

2.4.2 Fair Value of financial assets and liabilities

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

2.4.3 Accounting Estimates and judgments

The preparation of condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amount of assets and liabilities, incomes and expenses. Actual results may differ from these estimates. The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation are the same as those that applied to the financial statements for the year ended June 30, 2019.

2.5 CORRESPONDING FIGURES

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

3 STATEMENT OF CONSISTENCY IN ACCOUNTING POLICIES

3.1 The accounting policies 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, 2019.

3.2 Certain standards, amendments and interpretations of approved accounting standards will be effective for accounting periods 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 condensed interim financial statements.



SAZGAR ENGINEERING WORKS LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2020

4 SHARE CAPITAL

4.1 AUTHORIZED SHARE CAPITAL

Un-audited		Audited		NOTE	Un-audited		Audited	
March 31, 2020	June 30, 2019	March 31, 2020	June 30, 2019		March 31, 2020	June 30, 2019	March 31, 2020	June 30, 2019
Number		Number			Rupees		Rupees	
50,000,000	50,000,000	Ordinary shares of Rupees 10 each			500,000,000	500,000,000		

4.2 ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

7,163,000	7,163,000	ordinary shares of Rupees 10/- each fully paid up in cash.	71,630,000	71,630,000
14,403,842	14,403,842	ordinary shares of Rupees 10/- each allotted as bonus shares.	144,038,420	144,038,420
21,566,842	21,566,842		215,668,420	215,668,420

4.3 This amount represents share deposit money received during the period against the right issue of the Company. The Board of Directors of the Company in their meeting held on February 07, 2020 has decided to issue 65.8418140217 Right Shares for every 100 ordinary shares held i.e. 65.8418140217% at par value of Rs. 10/- per share and Rs. 40/- as premium (i.e. Rs. 50/- per share) to raise funds of Rs. 710.00 million.

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, 2019. Except the following;

- 5.1.1 DCIR initiated proceedings under section 161/205 of Income Tax Ordinance 2001 for tax year 2017 and created a tax demand of Rs. 33,952,716/- as on March 30, 2019, The Company filed an appeal against this order with CIR (A) and CIR (A) deleted the order of DCIR as on June 25, 2019. However DCIR filed an appeal with ATIR against the order of CIR (A) as on August 27, 2019, proceedings are still pending. In the opinion of tax consultant, favorable outcome of the appeal is expected, hence no provision is made in these financial statements.
- 5.1.2 DCIR initiated proceedings under section 161/205 of Income Tax Ordinance 2001 for tax year 2014 and created a tax demand of Rs. 8,468,165/- as on December 06, 2019, The Company filed an appeal before the Commissioner Inland Revenue Appeal CIR(A) against this order of DCIR and has been granted a stay order, proceedings are still pending. In the opinion of tax consultant, favorable outcome of the appeal is expected, hence no provision is made in these financial statements.
- 5.1.3 Additional Commissioner Inland Revenue (ACIR) initiated proceedings under section 122(SA) of Income Tax Ordinance 2001 for tax year 2018 and created a tax demand of Rs. 8,848,110/- as on February 06, 2020, The Company filed an appeal before the Commissioner Inland Revenue Appeal CIR(A) against this order of ACIR and has been granted a stay order, proceedings are still pending. In the opinion of tax consultant, favorable outcome of the appeal is expected, hence no provision is made in these financial statements.

5.2 Commitments

- 5.2.1 Commitments in respect of outstanding letters of credit for raw material other than capital expenditure amount to Rs. 100.21 Million (June 30, 2019: Rs. 134.26 Million).
- 5.2.2 Commitments in respect of capital expenditures including letters of credit amount to Rs. 147.75 Million (June 30, 2019: Rs. 146.52 Million).

6 PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets	6.1	338,169,379	348,588,354
Capital work in progress	6.2	801,528,035	649,491,034
		1,139,697,414	998,079,388
6.1 OPERATING FIXED ASSETS - Tangible			
Opening book value		348,588,354	346,844,374
Add:			
Additions during the period (at cost)			
- Plant and machinery		2,106,000	2,675,527
- Furniture and Fittings		-	684,830
- Office equipments		618,722	1,005,580
- Electric Installations		-	1,931,500
- Vehicles		3,183,000	16,336,000
		5,907,722	22,633,437



SAZGAR ENGINEERING WORKS LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2020

		Un-audited	Audited
		March 31, 2020	June 30, 2019
		Rupees	Rupees
Less:			
Disposal during the period (at net book value)			
-	Vehicles	1,937,828	973,126
Depreciation charged during the period		14,388,869	19,916,331
		16,326,697	20,889,457
Closing book value		338,169,379	348,588,354
6.2	CAPITAL WORK IN PROGRESS		
Opening Balance		649,491,034	361,959,281
Additions during the period			
-	Plant and machinery	137,053,075	240,961,454
-	Building and Civil Works on freehold land	14,983,926	46,719,382
		152,037,001	287,680,836
Less Transferred to fixed assets during the period			
-	Intangible	-	149,083
Closing Balance		801,528,035	649,491,034
7	INTANGIBLE ASSETS		
Opening book value		108,560	10,575
Add: additions during the period		-	149,083
		108,560	159,658
Less: amortization charged during the period		24,162	51,098
Closing book value		84,398	108,560
		Un-audited	Un-audited
		Jan - Mar 2020	Jan - Mar 2019
		Un-audited	Un-audited
		July - Mar 2020	July - Mar 2019
		Rupees	Rupees
8	SALES - NET		
Gross sales		1,307,177,150	1,358,453,148
		2,746,521,575	3,199,308,762
Less: Sales tax		179,051,653	181,081,412
Sales returns		71,546,150	117,534,542
Commission		22,783,553	21,047,518
		273,381,356	319,663,472
		534,725,315	768,987,568
		1,033,795,794	1,038,789,676
		2,211,796,260	2,430,321,194
8.1 This includes Rs. 28.88 million (March 31, 2019: Rs. 5.67 million) on account of export sales for the period.			
9	COST OF SALES		
Raw materials and components consumed		721,761,407	724,559,342
Salaries, wages and other benefits		89,845,744	66,396,738
Stores, spares and loose tools consumed		10,355,813	11,553,339
Power and fuel charges		21,193,539	14,219,512
Repair and maintenance		13,624,841	15,047,315
Provision for slow moving items		-	-
Other expenses		4,674,014	1,450,711
Depreciation & Amortization		2,760,953	2,969,753
		864,216,311	836,196,710
		2,131,063,883	2,266,375,955
Opening work-in-process		24,087,619	23,099,874
Closing work-in-process		(19,095,500)	(20,365,666)
Cost of goods manufactured		869,208,430	838,930,918
Opening finished goods		407,517,765	341,930,503
Cost of finished goods purchased		23,558,451	-
Closing finished goods		(385,415,820)	(253,663,687)
		914,868,826	927,197,734
		1,956,719,195	2,174,609,467
10	TAXATION		
Current			
For the period		15,903,822	16,809,726
Prior period		-	-
Deferred			
For the period		(6,323,141)	(235,039)
		9,580,681	16,574,687
		12,853,808	29,508,987



SAZGAR ENGINEERING WORKS LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2020

		Un-audited	Un-audited	Un-audited	Un-audited
		Jan - Mar 2020	Jan - Mar 2019	July - Mar 2020	July - Mar 2019
		Rupees	Rupees	Rupees	Rupees
11	EARNINGS PER SHARE - BASIC AND DILUTED				
	Basic Earnings Per Share				
	Profit after taxation for the period	Rupees 27,249,793	33,983,394	40,568,177	66,679,688
	Weighted average number of ordinary shares				
	outstanding during the period - Note 4.2	Number 21,566,842	21,566,842	21,566,842	21,566,842
	Basic earnings per share	Rupees 1.26	1.58	1.88	3.09

11.1 Diluted earnings per share

A diluted earnings per share has not been presented as the Company does not have any convertible instruments in issue as at March 31, 2020 and March 31, 2019 which would have any effect on earning per share if the option to convert is exercised.

12 TRANSACTIONS WITH RELATED PARTIES

Non-Executive Director (s)				
Meeting fee			840,000	620,000
Key Management Personnel				
Remuneration, Allowances and benefits			38,842,442	39,854,400
Other Related Party				
Rent Expenses			207,500	-
Remuneration, Allowances and benefits			1,500,000	-
PERIOD END BALANCES				
Payable to Other Related Party - Rent Payable			207,500	-

13 SEGMENT RESULTS

Segment Revenue - Net				
Home appliances	572,652	2,164,797	4,259,884	6,941,851
Auto parts	106,654,459	136,164,945	352,169,996	347,875,316
Auto rickshaw	926,568,683	895,951,387	1,855,366,380	2,063,598,044
Automobiles - Four Wheeler	-	4,508,547	-	11,905,983
Total	1,033,795,794	1,038,789,676	2,211,796,260	2,430,321,194
Segment operating results				
Home appliances	45,580	(880,468)	469,532	178,892
Auto parts	571,995	5,884,702	3,494,043	499,637
Auto rickshaw	73,845,690	63,266,049	136,671,035	131,411,934
Automobiles - Four Wheeler	(20,318,496)	(8,248,789)	(41,254,023)	(17,487,051)
Total	54,144,769	60,021,494	99,380,587	114,603,412

14 DATE OF AUTHORIZATION FOR ISSUE

The Board of Directors of the Company has authorized these condensed interim financial statements for issue on April 16, 2020.

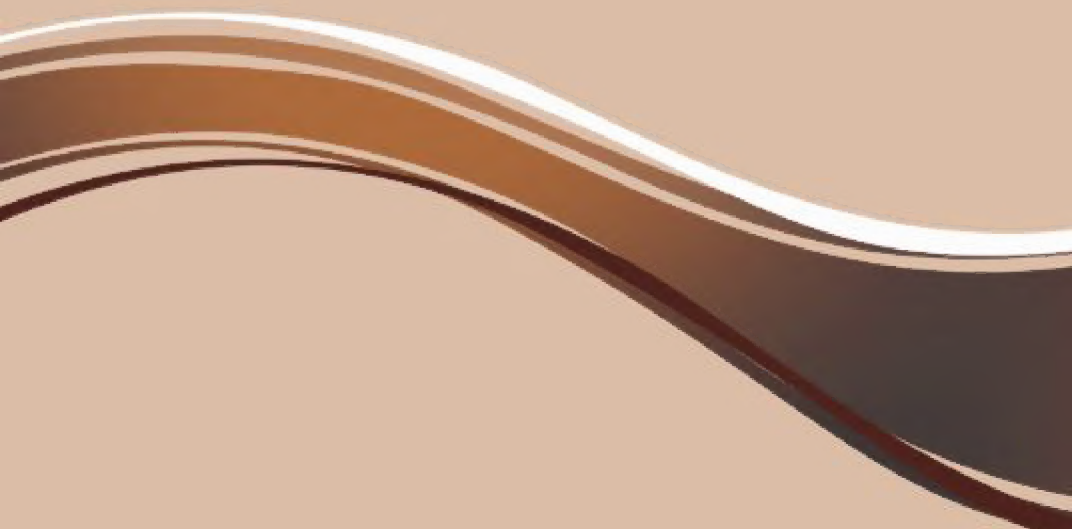
15 GENERAL

15.1 The figures have been rounded off to the nearest Rupee.

MIAN ASAD HAMEED
CHIEF EXECUTIVE

SAEED IQBAL KHAN
DIRECTOR

MUHAMMAD ATIF RAO
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Sazgar Engineering Works Limited

Registered Office: 88 All 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