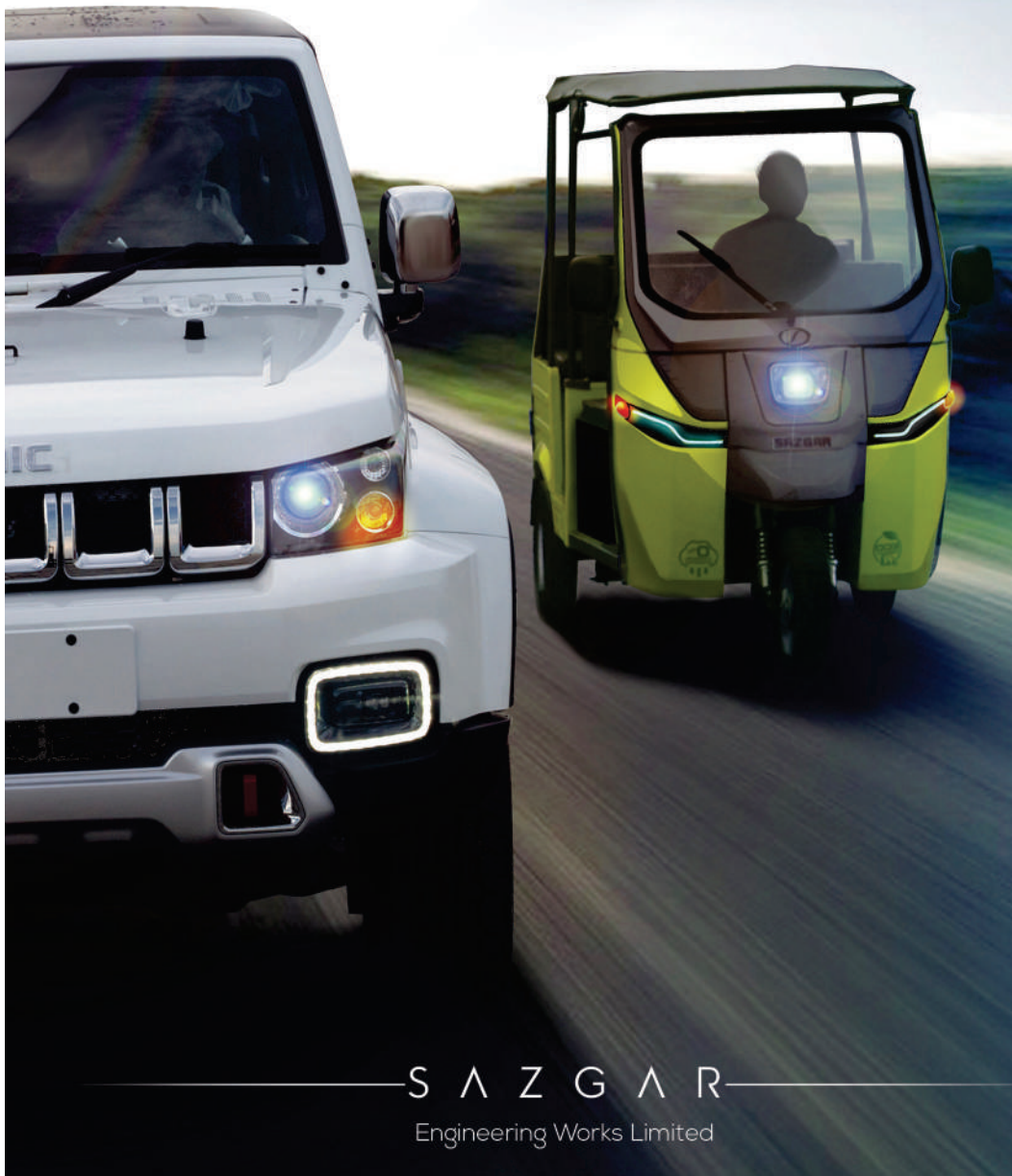


Quarterly & Half Yearly Financial Statements

(Un-Audited)

December 31, 2021



S A Z G A R

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. Muhammad Omer Saeed
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, Pakistan.
www.sazgarautos.com

SHARE REGISTRAR

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

FACTORY

Unit-1 Located at 18-KM Raiwind Road, Lahore, Pakistan.
Unit-2 Located at Western Tank Link Road, near Ijtimah
Chowk, Sundar Road, Raiwind, Lahore, Pakistan.

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

NOMINATION COMMITTEE

Mr. Mian Asad Hameed
Chairman

Mr. Humza Amjad Wazir
Member

Mr. Saeed Iqbal Khan
Member

Mr. Arshad Mahmood
Secretary

RISK MANAGEMENT COMMITTEE

Mr. Umair Ejaz
Chairman

Mr. Taha Mahmood
Member

Mr. Mian Muhammad Ali Hameed
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
Faysal Bank Limited
Habib Metropolitan Bank
Askari Bank Limited



ڈائریکٹرز کا جائزہ

آپ کی کمپنی کے ڈائریکٹرز 31 دسمبر 2021 کو مکمل ہونے والی دوسری سرمایہ اور ششماہی کے لئے کمپنی کے معاملات پر بخوشی اپنا جائزہ پیش کرتے ہیں۔

مختصر جائزہ:

الحمد للہ، کمپنی کی دوسری سرمایہ اور مجموعی طور پر ششماہی کے مالیاتی نتائج گزشتہ مالی سال کی اسی مدت کے مقابلہ میں خاص طور پر برائے "HAVAL" کے تحت درآمد شدہ CBU گاڑیوں کی فروخت سے حاصل ہونے والی آمدنی کی بدولت کمپنی کی مالی حالت میں بہتری ظاہر کر رہے ہیں۔ کمپنی نے کامیابی کے ساتھ "HAVAL" کی ساتھ قائم کی ہے اور SUV مارکیٹ میں مناسب پوزیشن حاصل کی ہے

چین سے درآمد شدہ پرزہ جات کی زیر التوا ترسیل کی وجہ سے برائے "BAIC" گاڑیوں کی پیداوار متاثر رہی۔ کمپنی کم از کم وقت میں شیٹ حاصل کرنے کا انتظام کرنے کی کوشش کر رہی ہے جس سے آنے والے ادوار میں BAIC گاڑیوں کی پیداوار بڑھانے میں مدد ملے گی۔

متعلقہ خریداریوں کی طرف سے تھری وولٹ اور ٹریکٹریل ریمز کی مانگ میں کمی کی وجہ سے اس سرمایہ کے دوران ان مصنوعات کی فروخت کا حجم گزشتہ مالی سال کی اسی مدت کے مقابلہ میں کم رہا۔

مالیاتی نتائج:

دوسری سرمایہ کے دوران، مجموعی فروخت 189.35 فی صد اضافہ کے ساتھ پچھلے مالیاتی سال کی دوسری سرمایہ کے مقابلہ میں 809.94 ملین روپے سے بڑھ کر 2,343.59 ملین روپے ہو گئی ہے، مجموعی منافع 134.32 فی صد اضافہ کے ساتھ 79.00 ملین روپے سے بڑھ کر 185.12 ملین روپے ہو گیا ہے، قبل از ٹیکس منافع 242.61 فی صد اضافہ کے ساتھ 27.75 ملین روپے سے بڑھ کر 95.08 ملین روپے ہو گیا ہے۔

اس سال کی ششماہی کے دوران مجموعی فروخت 136.93 فی صد اضافہ کے ساتھ پچھلے مالیاتی سال کی ششماہی کے مقابلہ میں 1,778.27 ملین روپے سے بڑھ کر 4,213.34 ملین روپے ہو گئی ہے، مجموعی منافع 122.12 فی صد اضافہ سے 171.55 ملین روپے سے بڑھ کر 381.04 ملین روپے ہو گیا ہے، قبل از ٹیکس منافع 270.89 فی صد اضافہ سے 57.90 ملین روپے سے بڑھ کر 214.73 ملین روپے ہو گیا ہے اور آمدنی فی حصص (restated) 0.36 روپے سے بڑھ کر 1.54 روپے ہو گئی ہے۔ موجودہ ششماہی کی مجموعی فروخت میں فورویئر بشمول درآمد شدہ گاڑیوں کی مجموعی فروخت 2,663.03 ملین روپے تھری وولٹ اور ٹریکٹریل ریمز 1,254.11 ملین روپے اور ٹریکٹریل ریمز 295.99 ملین روپے میں شامل ہے۔

فورویئر تھری وولٹ اور ٹریکٹریل ریمز کی پیداوار اور فروخت کے حجم کا خلاصہ ذیل میں دیا گیا ہے:

تفصیل	یونٹ / پیکائج	دوسری سرمایہ		دوسری سرمایہ		دوسری سرمایہ		دوسری سرمایہ		دوسری سرمایہ	
		2021-22	2020-21	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21
فروریلر	نمبر	25	36	-	-	61	44	-	-	-	-
تھری وولٹ	نمبر	3,928	2,414	4,273	3,123	7,858	5,657	8,161	7,021	(4) (فی صد)	(19) (فی صد)
ٹریکٹریل ریمز	نمبر	11,227	10,891	21,881	21,570	31,757	29,642	46,039	46,599	(31) (فی صد)	(36) (فی صد)

بورڈ آف ڈائریکٹرز میں تبدیلی:

آزاد ڈائریکٹر جناب سردار اعجاز سحاقی خان نے 08 دسمبر 2021 کو اسلام آباد ہائی کورٹ کے ایک معزز جج کے طور پر اپنی نامزدگی کی وجہ سے کمپنی کی ڈائریکٹرشپ سے فوری طور پر استعفیٰ دے دیا تھا۔ بورڈ نے عارضی آسامی کو پورا کرنے کے لئے جناب محمد عرسید کو بطور آزاد ڈائریکٹر منتخب کر کے استعفیٰ ڈائریکٹری البقیدہ مدت کے لئے تقرری کر دی ہے۔ بورڈ جناب سردار اعجاز سحاقی خان کی بطور کمپنی ڈائریکٹر کے اپنے دور میں ادا کی گئی خدمات کو سراہتا ہے۔



مستقبل پر نقطہ نظر:

کمپنی پاکستان میں "HAVAL" گاڑیوں کی مقامی اسمبلی پیداوار کے لئے میڈیکل چارج سہولیات کو مکمل کرنے کے لئے تیز رفتاری سے کام کر رہی ہے۔ یہ اندازہ لگایا گیا ہے کہ کمپنی ان میڈیکل چارج سہولیات کی تکمیل کا ہدف 30 جون 2022 تک حاصل کرے گی۔ کمپنی SUV کیٹیگری میں ہائبرڈ گاڑیاں متعارف کرانے کا بھی سوچ رہی ہے۔

کمپنی نے BAIC گاڑیوں بالخصوص BJ-40 کے لئے ایک مارکیٹنگ مہم شروع کی ہے جس کی وجہ سے اگلی سہ ماہی میں گاڑیوں کی بلیک پربٹت اثر پڑے گا۔ مزید یہ بھی امید ہے کہ BJ-40 کی CKD سپلائی چین بہتر ہوگی اور ان گاڑیوں کی پیداوار بڑھانے میں مدد ملے گی۔

کمپنی آنے والے عرصہ میں تھری ویلز اور ڈیٹریول رمز کی فروخت کے حجم کو بڑھانے کے لئے اپنے تمام ممکنہ اقدامات کر رہی ہے۔

کمپنی کو گزشتہ مالی سال کی اسی مدت کے مقابلہ میں اگلی سہ ماہی میں بہتر مالیاتی نتائج کی توقع ہے۔ تاہم کرنسی کی شرح تبادلہ میں مسلسل اتار چڑھاؤ، سود اور افراط زر کی شرح میں بڑھتا ہوا رجحان اور غیر مستحکم معاشی حالات کے ساتھ ساتھ COVID-19 کی نئی لہر آنے والے ادوار میں کاروباری حجم پر برا اثر ڈال سکتی ہے۔

ڈائریکٹرز کمپنی 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 کاروباری شراکت دار اور مالی اداروں کے کمپنی کے ساتھ مسلسل تعاون کرنے پر بھی شکر گزار ہیں۔

یورڈ آف ڈائریکٹرز کی جانب سے

Saeed

سعید اقبال خان
ڈائریکٹر

Arshad I.

میاں اسد سعید
چیف ایگزیکٹو

لاہور

مورخہ 17 فروری 2022



DIRECTORS' REVIEW

The directors of your Company are pleased to present their review on the affairs of the Company for the 2nd quarter and half year ended December 31, 2021:

Brief Overview:

Al-hamdolillah, the financial results for the 2nd quarter and cumulatively half year are showing an improvement in financial position of the Company compared with the corresponding period of last financial year mainly on account of revenue from sale of imported CBU vehicles under brand "HAVAL". The company has successfully established the brand image of "HAVAL" and marked its suitable position in the SUV market.

The production of "BAIC" branded vehicles remained disturbed due to the pending shipments of imported components from China. The Company is making efforts to manage the shipments in shortest possible time which will help to increase the production of BAIC vehicles in subsequent periods.

The sales volume of three wheelers and tractor wheel rims declined during this quarter as compared to corresponding period of last financial year due to decrease in demand of these products from the respective buyers.

Financial Results:

During the 2nd quarter, the sales has increased by 189.35% from Rs. 809.94M to Rs. 2,343.59M, gross profit by 134.32% from Rs. 79.00M to Rs. 185.12M and pre-tax profit by 242.61% from Rs. 27.75M to Rs. 95.08M compared with corresponding period of last year.

The half year sales has increased by 136.93% from Rs.1,778.27M to Rs.4,213.34M, gross profit by 122.12% from Rs. 171.55 M to Rs.381.04M, and pre-tax profit by 270.89% from Rs. 57.90M to Rs. 214.73M and earning per share from Rs 0.36 (re-stated)to Rs. 1.54 as compared with the corresponding period of last year. The current half year sale is comprised of Rs. 2,663.03 M of Four Wheeler including sale of imported vehicles, Rs. 1,254.11 M of Three Wheeler and Rs. 295.99 M of tractor wheel rims.

The summary of production and sales volume of four wheeler, three wheeler and tractor wheel rims is given below:

Description	U/M	Second Quarter 2021-22		Second Quarter 2020-21		Increase / (Decrease) %		Half Year 2021-22		Half Year 2020-21		Increase / (Decrease) %	
		Production	Sale	Production	Sale	Production	Sale	Production	Sale	Production	Sale	Production	Sale
Four Wheeler	No.	25	36	-	-	-	-	61	44	-	-	-	-
Three Wheeler	No.	3,928	2414	4,273	3,123	(8%)	(23 %)	7,858	5,657	8,161	7,021	(4%)	(19%)
Tractor Wheel Rims	No.	11,227	10,891	21,881	21,570	(49%)	(50%)	31,757	29,642	46,039	46,599	(31%)	(36%)

Change In Board of Directors:

Mr. Sardar Ejaz Ishaq Khan, an Independent Director, had resigned from the directorship of the Company as on December 08, 2021 upon his nomination as a judge of Honorable Islamabad High Court with immediate effect. The Board has filled up the casual vacancy through the appointment of Mr. Muhammad Omer Saeed as an Independent Director of the Company for the remainder of the term of the resigned director. The Board appreciates the valuable contributions made by Mr. Sardar Ejaz Ishaq Khan during his tenure as a director of the Company.

Future Outlook:

The Company is working on a fast track to complete the manufacturing facilities for the local assembly/ production of "HAVAL" vehicles in Pakistan. It is estimated that the company shall achieve its target date of June 30, 2022 for completion of these manufacturing facilities. The Company is also looking for introduction of hybrid vehicles in SUV category.

The Company has commenced a marketing campaign for the BAIC vehicles particularly BJ-40 which will positively affect on the booking of vehicles in the next quarter. Further it is also hoped that the supply chain of BJ-40 CKD will improve and help to increase the production of these vehicles.

The Company is making all its possible measures to increase the sales volume of three wheeler and tractor wheel rims in the period to come.

The company is expecting better financial results in the next quarter as compared to the corresponding period of last financial year. However, the constant fluctuation in currency exchange rate, rising trend in interest & inflation rates and unstable economic conditions along with new waves of COVID-19 may adversely affect the business volume in the periods to come.

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

For and on behalf of the Board

Lahore
Dated: 17-02-2022


Mian Asad Hameed
(Chief Executive)


Saeed Iqbal Khan
(Director)



**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF SAZGAR ENGINEERING WORKS LIMITED
REPORT ON REVIEW OF INTERIM FINANCIAL STATEMENTS**

Introduction

We have reviewed the accompanying condensed interim Statement of financial position of Sazgar Engineering Works Limited as at December 31, 2021 and the related condensed interim statement of profit or loss, the condensed interim statement of comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of this interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review. The figures of the condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the quarters ended December 31, 2021 and December 31, 2020 have not been reviewed, as we are required to review only the cumulative figures for the six months ended December 31, 2021.

Scope of Review

We conducted our review in accordance with International Standards on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements is not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the review resulting in this independent auditor's report is Younus Kamran.


H.Y.K & Co.
(Chartered Accountants)
Lahore.

Date: 18 February 2022

UDIN: RR202110144oSLWrdUnY

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Phone: 92 42 3575 5530
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Islamabad Office:
House No. 4, Street No. 60
F-7/4 Islamabad.
Phone: 051 265 4334



SAZGAR ENGINEERING WORKS LIMITED

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED) AS AT DECEMBER 31, 2021

	Note	Un-audited	Audited
		December 31, 2021	June 30, 2021
		Rupees	Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital	4.1	1,000,000,000	1,000,000,000
Issued, subscribed and paid-up share capital	4.2	604,459,640	464,968,950
Capital reserve - Share premium account		557,406,192	557,406,192
Revenue reserve - Un-appropriated Profit		771,134,764	817,476,633
		1,933,000,596	1,839,851,775
LIABILITIES			
NON CURRENT LIABILITIES			
Long term financing		364,660,570	295,398,663
Deferred liabilities		267,528,357	244,891,848
Deferred grant		2,458,468	5,699,176
Deferred revenue		1,788,438	-
CURRENT LIABILITIES			
Trade and other payables		2,498,250,929	2,008,188,102
Unclaimed dividend		1,407,358	1,407,358
Profit accrued on loans and other payables		6,745,328	8,998,064
Short term borrowings		101,693,923	119,679,608
Current portion of long term liabilities		143,434,598	134,125,605
		2,751,532,136	2,272,398,737
CONTINGENCIES AND COMMITMENTS			
	5	-	-
TOTAL EQUITY AND LIABILITIES		5,320,968,565	4,658,240,199
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	6	2,077,636,061	1,844,421,043
Intangible assets	7	333,657	382,691
Long term loan and advances		33,926,826	28,959,063
Long term deposits		5,037,855	4,045,855
Deferred taxation		95,918,944	54,931,308
CURRENT ASSETS			
Stores, spares and loose tools		9,090,120	3,278,289
Stock-in-trade		1,832,323,670	817,897,347
Trade debts		128,376,199	116,923,695
Loans & advances		45,116,159	31,012,216
Trade deposits and short term prepayments		563,925,040	1,625,987,971
Other receivables		284,867,953	115,423,629
Cash and bank balances		244,416,081	14,977,092
		3,108,115,222	2,725,500,239
TOTAL ASSETS		5,320,968,565	4,658,240,199

The annexed notes 1 to 16 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 SECOND QUARTER AND HALF YEAR ENDED DECEMBER 31, 2021

	Note	Second Quarter Ended		Half Year Ended	
		Oct - Dec 2021	Oct - Dec 2020	July - Dec 2021	July - Dec 2020
		Rupees	Rupees	Rupees	Rupees
Sales - Net	8	2,343,591,100	809,944,356	4,213,336,491	1,778,267,508
Cost of sales	9	2,158,467,335	730,939,603	3,832,297,994	1,606,722,228
Gross Profit		185,123,765	79,004,753	381,038,497	171,545,280
Distribution cost		41,231,776	22,146,839	69,785,019	49,118,405
Administrative expenses		35,807,374	28,759,589	71,942,116	59,306,721
Other operating expenses		6,057,801	2,514,160	12,362,569	4,317,568
		83,096,951	53,420,588	154,089,704	112,742,694
		102,026,814	25,584,165	226,948,793	58,802,586
Other income		3,764,170	6,348,188	5,529,482	12,801,037
Operating profit before finance cost		105,790,984	31,932,353	232,478,275	71,603,623
Finance cost		10,714,604	4,181,534	17,750,329	13,707,743
Profit before taxation		95,076,380	27,750,819	214,727,946	57,895,880
Taxation	10	64,026,747	12,031,264	121,579,125	20,329,355
Profit after taxation		31,049,633	15,719,555	93,148,821	37,566,525
Earnings per share - Basic and diluted	11	0.51	Restated 0.26	1.54	Restated 0.62

The annexed notes 1 to 16 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 COMPREHENSIVE INCOME (UN-AUDITED) FOR THE SECOND QUARTER AND HALF YEAR ENDED DECEMBER 31, 2021

Second Quarter Ended		Half Year Ended	
Oct - Dec 2021	Oct - Dec 2020	July - Dec 2021	July - Dec 2020
Rupees	Rupees	Rupees	Rupees

PROFIT AFTER TAXATION FOR THE PERIOD	31,049,633	15,719,555	93,148,821	37,566,525
OTHER COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	31,049,633	15,719,555	93,148,821	37,566,525

The annexed notes 1 to 16 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 HALF YEAR ENDED DECEMBER 31, 2021

	Half Year Ended	
	July - Dec 2021	July - Dec 2020
	Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	214,727,946	57,895,880
Adjustment for non cash charges and other items:		
Depreciation	60,427,403	10,713,342
Amortization	49,034	14,908
Provision for staff retirement gratuity	25,955,764	19,406,396
Increase in deferred revenue	2,765,546	-
Workers' Profit Participation Fund	11,316,319	3,065,513
Workers' Welfare Fund	-	239,055
Finance cost	17,750,329	13,707,743
Other Income	(5,529,482)	(12,801,037)
	112,734,913	34,345,920
Working capital changes	327,462,859	92,241,800
(Increase)/Decrease in current assets		
Store, spares and loose tools	(5,811,831)	(4,753,854)
Stock-in-trade	(1,014,426,323)	(317,898,688)
Trade debts	(11,452,504)	31,531,171
Loans & Advances	(14,103,943)	(5,044,706)
Trade Deposits and short term prepayments	1,062,062,931	(33,819,294)
Other receivables	-	1,542,906
(Decrease) / Increase in current liabilities		
Trade and other payables	329,440,341	380,319,869
Increase in Long term loans and advances	(4,967,763)	(5,759,500)
	340,740,908	46,117,904
Cash generated from operations	668,203,767	138,359,704
Finance cost paid	(20,003,065)	(23,316,028)
Income tax paid/deducted at source	(181,716,045)	(24,843,665)
Employees retirement benefit - gratuity paid	(3,319,255)	(2,412,809)
Workers' Welfare Fund Paid	-	(877,287)
Net cash generated from operating activities	463,165,402	86,909,915
CASH FLOW FROM INVESTING ACTIVITIES		
Property, plant and equipment purchased	(293,902,141)	(295,320,926)
Increase in long term deposits	(992,000)	(100,000)
Proceeds from sale of property, plant and equipment	1,205,000	2,000,000
Net cash used in investing activities	(293,689,141)	(293,420,926)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from long term financing	108,850,876	136,066,625
Repayment of long term financing	(34,497,791)	(3,000,000)
Proceeds from short term borrowings	1,495,036,608	402,645,937
Repayment of short term borrowings	(1,513,022,293)	(402,645,937)
Repayment of lease liability	-	(51,100,000)
Profit on bank deposits	3,595,328	10,520,942
Dividend paid	-	(21,818)
Net cash generated from financing activities	59,962,728	92,465,749
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	229,438,989	(114,045,263)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	14,977,092	448,819,055
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	244,416,081	334,773,792

The annexed notes 1 to 16 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 SECOND QUARTER AND HALF YEAR ENDED DECEMBER 31, 2021

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- All 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 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 half year ended December 31, 2021 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, Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are 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, 2021.

2.4 The figures included in the condensed interim statement of profit or loss for the quarters ended December 31, 2021 and 2020 and in the notes forming part thereof have not been reviewed by the auditors of the Company, as they have reviewed the accumulated figures for the half years ended December 31, 2021 and 2020.

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

2.5.1 Financial risk management

The Company oversee the management of risks. The Company's risk management objectives and policies are consistent with those disclosed in the financial statements for the year ended June 30, 2021.

2.5.2 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.

2.5.3 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, 2021.

2.6 COMPARATIVE 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 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, 2021.

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 SECOND QUARTER AND HALF YEAR ENDED DECEMBER 31, 2021

3.3 There are certain amendments in the accounting and reporting standards that will be mandatory for the Company's annual accounting periods beginning on or after July 1, 2022. However, these amendments will not have any significant impact on the financial reporting of the Company and, therefore, have not been detailed in these condensed interim financial statements.

4 SHARE CAPITAL

4.1 AUTHORIZED SHARE CAPITAL

Un-audited		NOTE	Un-audited	
December 31, 2021	Audited June 30, 2021		December 31, 2021	Audited June 30, 2021
Number	Number		Rupees	Rupees
100,000,000	100,000,000	Ordinary shares of Rupees 10 each	1,000,000,000	1,000,000,000

4.2 ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

21,363,000	21,363,000	ordinary shares of Rupees 10/- each fully paid up in cash.	213,630,000	213,630,000
39,082,964	25,133,895	ordinary shares of Rupees 10/- each allotted as bonus shares.	390,829,640	251,338,950
60,445,964	46,496,895		604,459,640	464,968,950

4.3 These shares include 13,949,069 bonus shares of Rs.10 each (June 30, 2021: 10,730,053) issued by the company during the period.

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, 2021. Except the following;

5.1.1 Regarding note no. 14.1.10 of financial statements for the year ended June 30, 2021, during the period, ATIR decided the appeal against the Company and upheld the decision of CIR (A) of Rs. 2,479,693/- as on November 11, 2021. The company intends to file a reference Petition before the Lahore High Court, Lahore. The matter was discussed with the Company's Lawyer and in his opinion, favorable outcomes of the reference Petition are 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 amount to Rs. 1,622.00 Million (June 30, 2021: Rs. 145.93 Million).

5.2.2 Commitments in respect of capital expenditures amount to Rs. 391.69 Million (June 30, 2021: Rs. 93.69 Million).

6 PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets - Tangible	6.1	1,799,149,498	344,171,829
Capital work in progress	6.2	208,486,563	1,454,249,214
Advance for purchase of land		70,000,000	46,000,000
		2,077,636,061	1,844,421,043

6.1 OPERATING FIXED ASSETS - Tangible

Opening book value		344,171,829	335,796,920
Add:			
Additions during the period (at cost)			
- Building and Civil Works on freehold land		402,835,059	-
- Plant and machinery		1,037,850,092	1,365,000
- Furniture and Fittings		527,103	-
- Office equipment's		1,153,750	1,205,900
- Electric installations		45,213,788	409,604
- Vehicles		28,085,000	28,572,932
		1,515,664,792	31,553,436



SAZGAR ENGINEERING WORKS LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SECOND QUARTER AND HALF YEAR ENDED DECEMBER 31, 2021

		Un-audited December 31, 2021 Rupees	Audited June 30, 2021 Rupees		
Less:					
Disposal during the period (at net book value)					
- Vehicles		259,720	1,381,069		
Depreciation charged during the period		60,427,403	21,797,458		
		60,687,123	23,178,527		
Closing book value		1,799,149,498	344,171,829		
6.2 CAPITAL WORK IN PROGRESS					
Opening Balance		1,454,249,214	982,535,886		
Additions during the period					
- Plant and machinery		235,661,288	453,843,428		
- Building and Civil Works on freehold land		-	18,211,151		
		235,661,288	472,054,579		
Less Transferred to fixed assets during the period					
- Plant and machinery		1,033,375,092	-		
- Building and Civil Works on freehold land and Electric installations		448,048,847	-		
- Intangible Assets		-	341,251		
		1,481,423,939	341,251		
Closing Balance		208,486,563	1,454,249,214		
7 INTANGIBLE ASSETS					
Opening book value		382,691	76,944		
Add: additions during the period		-	341,251		
		382,691	418,195		
Less: amortization charged during the period		49,034	35,504		
Closing book value		333,657	382,691		
		Un-audited	Un-audited		
		Oct - Dec	Oct - Dec		
		2021	2020		
		Rupees	Rupees		
		Un-audited	Un-audited		
		July - Dec	July - Dec		
		2021	2020		
		Rupees	Rupees		
8 SALES - NET					
Gross sales	8.1	2,908,412,687	1,058,385,329	5,263,760,644	2,329,424,295
Less: Sales tax		397,843,336	137,016,491	733,605,476	306,475,103
Federal Excise Duty		4,020,908	-	4,823,263	-
Sales returns		117,600,259	96,422,597	229,946,321	204,661,241
Commission		45,357,084	15,001,885	82,049,093	40,020,443
		564,821,587	248,440,973	1,050,424,153	551,156,787
		2,343,591,100	809,944,356	4,213,336,491	1,778,267,508
8.1		This includes Rs. 23.67 million (December 31, 2020: Rs. 32.39 million) on account of export sales for the period.			
8.2		The disaggregation of revenue is disclosed in note no.13 of these condensed interim financial statements.			
9 COST OF SALES					
Raw materials and components consumed		883,654,739	811,487,650	1,892,362,278	1,499,705,911
Salaries, wages and other benefits		119,213,646	88,638,835	223,115,688	179,909,467
Stores, spares and loose tools consumed		17,546,019	12,584,447	24,920,597	24,041,757
Power and fuel charges		32,748,244	21,388,549	65,105,926	39,064,325
Repair and maintenance		29,793,388	22,338,061	58,606,134	45,404,208
Other expenses		4,767,714	3,980,698	7,493,877	7,623,009
Depreciation & Amortization		39,815,772	2,936,059	54,871,148	5,854,701
		1,127,539,523	963,354,299	2,326,475,648	1,801,603,378
Opening work-in-process		44,464,371	19,627,719	31,392,103	30,553,475
Closing work-in-process		(27,509,801)	(35,374,185)	(27,509,801)	(35,374,185)
Cost of goods manufactured		1,144,494,093	947,607,833	2,330,357,950	1,796,782,668
Opening finished goods		742,403,125	196,297,434	232,678,794	222,905,224
Cost of finished goods purchased		1,507,366,981	-	2,505,058,114	-
Closing finished goods		(1,235,796,864)	(412,965,664)	(1,235,796,864)	(412,965,664)
		2,158,467,335	730,939,603	3,832,297,994	1,606,722,228
10 TAXATION					
Current					
For the period		76,369,612	12,450,820	163,315,629	27,526,491
Prior period		(748,867)	(513,509)	(748,867)	(513,509)
Deferred					
For the period		(11,593,998)	93,953	(40,987,637)	(6,683,627)
		64,026,747	12,031,264	121,579,125	20,329,355



SAZGAR ENGINEERING WORKS LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SECOND QUARTER AND HALF YEAR ENDED DECEMBER 31, 2021

		Un-audited Oct - Dec 2021 Rupees	Un-audited Oct - Dec 2020 Rupees	Un-audited July - Dec 2021 Rupees	Un-audited July - Dec 2020 Rupees
11 EARNINGS PER SHARE - BASIC AND DILUTED					
Basic Earnings Per Share					
Profit after taxation for the period	Rupees	31,049,633	15,719,555	93,148,821	37,566,525
			Restated		Restated
Weighted average number of ordinary shares outstanding during the period - Note 4.2	Number	60,445,964	60,445,964	60,445,964	60,445,964
Basic earnings per share	Rupees	0.51	0.26	1.54	0.62
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 December 31, 2021 and December 31, 2020, 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				640,000	435,000
Key Management Personnel					
Remuneration, Allowances and benefits				36,226,559	30,217,840
Other Executive					
Remuneration, Allowances and benefits				2,610,000	2,475,000
13 SEGMENT RESULTS					
Segment Revenue - Net - External					
Home appliances		206,400	3,398,675	206,400	3,552,521
Automotive parts		129,216,959	152,966,162	295,991,048	323,340,911
Automobiles - Three Wheeler		538,511,154	653,579,519	1,254,108,816	1,429,096,299
Automobiles - Four Wheeler		1,675,656,587	-	2,663,030,227	22,277,777
Total		2,343,591,100	809,944,356	4,213,336,491	1,778,267,508
Segment operating results					
Home appliances		17,102	547,689	(8,378)	562,707
Automotive parts		951,305	1,127,489	5,720,120	5,290,162
Automobiles - Three Wheeler		36,018,163	40,758,292	73,518,361	83,664,393
Automobiles - Four Wheeler		70,051,796	(15,348,146)	159,035,009	(27,410,109)
Total		107,038,365	27,085,325	238,265,112	62,107,154

14 DATE OF AUTHORIZATION FOR ISSUE

The Board of Directors of the Company has authorized these condensed interim financial statements for issue on February 17, 2022.

15 CORRESPONDING FIGURES

The corresponding figures of Statement of Cash Flows have been re-classified for the purpose of better presentation.

Reclassified From	Reclassified To	Nature		
Trade and other payables	Workers' Profit Participation Fund	Provision of Expenses	11,316,319	3,065,513
Trade and other payables	Workers' Welfare Fund	Provision of Expenses	-	239,055
Trade and other payables	Workers' Welfare Fund Paid	Payment of Expenses	-	(877,287)

16 GENERAL

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

MIAN ASAD HAMEED
CHIEF EXECUTIVE

SAEED IQBAL KHAN
DIRECTOR

MUHAMMAD ATIF RAO
CHIEF FINANCIAL OFFICER



Sazgar Engineering Works Limited

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