



Annual *Report*

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, Pakistan.
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, 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



CHAIRPERSON'S REVIEW REPORT

This review report has been prepared in compliance with Section 192(4) of the Companies Act, 2017 on the overall performance of the Board of Directors (the Board) of **Sazgar Engineering Works Limited** (the Company) and effectiveness of the role played by the Board in achieving the Company's objectives.

The Board performance has been evaluated in accordance with the mechanism set by the Board for this purpose and overall results are satisfactory. The financial performance of the Company has been suppressed by the negative impact of the economic slowdown and outbreak of COVID-19 pandemic throughout the country, the Company has been recorded sales revenue Rs. 2.89 Billion. The new project for the manufacturing of passenger cars and off-road vehicles is near to completion. In this regard, the Company also raised funds of Rs. 710.00 million through issuance of 14,200,000 Right shares @ Rs. 50/- each to complete the project without any delay.

During the year, the Company elected nine (9) directors including three (3) independent directors for a period of three years commencing from March 20, 2020. The Board has been constituted with a balance of executive, non-executive and independent directors with requisite skills, competencies, knowledge, experience and gender diversity with reference to the Company's operations.

The Board has appointed Chief Executive, Executive Director-Technical and Executive Director-Marketing for a period of three years effective from March 28, 2020 and fixed their remuneration.

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

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

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

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

I would like to place on record my appreciation for the untiring efforts, teamwork and dedication shown by the Company's employees during the year under review.

I would also like to express my gratitude to the valued shareholders, customers, suppliers and financial institutions for their continued support to the Company.

Lahore
September 24, 2020

Mrs. Saira Asad Hameed
(Chairperson)



DIRECTORS' REPORT

The directors of your company are pleased to present the 29th Annual Report along with the audited financial statements of the Company for the year ended 30th June 2020:

BUSINESS OVERVIEW:

The Company is principally engaged in the manufacturing and sale of Three Wheelers including Auto Rickshaws, Tractor Wheel Rims and Home Appliances during the financial year 2019-20.

The continuity of economic slowdown, constant depletion of Pak Rupee value against foreign currencies, higher inflation rate and higher borrowing cost has adversely affected the businesses. The outbreak of COVID-19 pandemic throughout the country further deteriorated the situation.

The Auto Sector of the country without any exception is passing through a tough time. During the current financial year, there is a decline in production and sale in respect of cars 54.90% and 53.50%, tractors 34.70% and 35.10%, 2&3 wheelers 23.10% and 23.10% respectively. (Source: Pakistan Automobile Manufacturers Association)

Under these business conditions, the Company has faced lot of challenges including shut down of its operations for the health and safety of its employees for a period of more than a month. Resultantly the Company missed its production and sale targets during the current financial year.

Due to the aforementioned factors, sales revenue has dropped by 10.15% whereas profitability has declined by 66.30% compared with corresponding period of last year.

The progress on the setting up of four wheeler project was also hit by the outbreak of COVID-19 pandemic and Company missed to achieve its target completion date of 30th June, 2020. However, now it's on a fast track of completion.

FINANCIAL RESULTS:

	2020 (Rupees)	2019 (Rupees)
Profit before taxation	40,773,628	111,844,513
Provision for taxation	13,140,081	29,847,355
Profit after taxation	27,633,547	81,997,158
Other comprehensive income/(loss) for the year	(2,787,874)	5,345,702
Un appropriated Profit brought forward	829,038,827	741,695,967
Profit available for appropriation	853,884,500	829,038,827
Appropriations:		
Reserve for issuance of Bonus shares @ 30% (2019: Nil)	107,300,530	-
Un appropriated profit carried forward	746,583,970	829,038,827

Sales Revenue:

The overall net sales revenue of the Company has decreased by 10.15% from Rupees 3,218.52 million to Rupees 2,891.75 million during the period under review.

Segment wise: The net sale of Three Wheelers has decreased from Rupees 2,697.04 million to Rupees 2,404.97 million reflecting a decline of 10.83%. The net sale of automotive parts has declined by 4.84 % from Rupees 500.20 million to Rupees 476.00 million. The net sales of home appliances has decreased from Rupees 9.38 million to Rupees 4.41 million compared with the corresponding period of last year. During the year the sale of four wheeler was Rs 6.38 million.

The sale of Three Wheelers also includes an export sale of Auto Rickshaw of Rupees 30.24 million showing an increase of 173.37% as compared to the last financial year export of Rupees 11.05 million. During the year, Company exported Auto Rickshaws to Afghanistan, Cambodia, Zimbabwe, South Korea and Japan.

The overall performance of the Auto sector remained negative by 27% and specifically 2&3 wheelers by 23.1% (source: Pakistan Automobile Manufacturers Association). The economic slowdown, rise in selling prices of Company's three wheelers and outbreak of COVID-19 pandemic followed by lockdown of businesses throughout the country squeezed the business activities and has adversely affected the sales volume.



During the current financial year, the Company also introduced a new model of “Cargo Loader” with three variants in order to cope with the current economic conditions. Despite of the tough competition in this segment, the Company has received a positive response so far due to its excellent designing, quality and durability.

The Company sold 12,274 units of Three Wheelers as compared to 15,845 units sold in the last financial year.

During the period, the production of tractors declined by 34.7% (source: Pakistan Automobile Manufacturers Association), therefore, demand of tractor wheel rims from the tractor assemblers was lower during the year as compared to the previous financial year.

The sale of home appliances has decreased due to their lower demand in the market.

Gross Profit:

Company's gross profit has decreased from Rupees 330.72 million to Rupees 293.01 million showing a decline of Rupees 37.71 million compared with the corresponding period of last year. The gross profit ratio has also declined from 10.28% to 10.13%.

Finance Cost:

Finance cost has increased from Rs 24.29 million to Rs. 64.06 million showing an increase of Rs. 39.77 million compared with the corresponding period of last year. The increase is mainly on account of financial charges on long term loans obtained for four wheeler project and other short term banking facilities used during the year.

Profit Before Taxation:

Company's profit before taxation has decreased from Rupees 111.84 million to Rupees 40.77 million showing a decline of Rupees 71.07 million compared with the corresponding period of last year.

Earnings Per Share:

The Earnings per share of the Company has decreased from Rs. 3.04 (restated) to Rs. 0.96 as compared to corresponding period of last year showing a reduction in profits available for distribution to shareholders. The

comparative figure of earning per share has to restate due to issuance of fresh 14,200,000 ordinary shares during the year.

Production:

During the year, the company produced 12,253 units of Three Wheelers reflecting a decline of 26.86% compared with 15,887 units produced during the corresponding period of last year. The plant capacity utilization during the year was 61.27%.

Whereas the production of tractor wheel rim was 68,533 compared with 73,395 during the same corresponding period of last year showing a decrease of 6.62%.

RISKS AND UNCERTAINTIES:

Risks:

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

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

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

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

The policies on Risk Management and Internal Control containing complete detail of frame work have been placed on Company's website.

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



Market Penetration of new products:

The Company intends to introduce passenger cars and off-road vehicles in the market during the financial year 2020-21. This would be the new segment of market for the Company and it has to face various challenges for penetration in the market.

The Company is establishing a solid dealership network throughout the country for the marketing, sale and after sale service of its products. The Company is receiving inquiries on daily basis from the prospective buyers of the passenger cars and off-road vehicles and interested parties for the dealership.

The Company also took part in automobile exhibition held in Expo Centre and PAF Golf Tournament in Lahore and received very positive feedback from the prospective customers and general public at large.

A marketing plan is being finalized for the launching of new products which will help and make easy the penetration of these new products.

Branding of Passenger Cars and Off- Road Vehicles:

The brand “BAIC” is familiar in the International Markets of various countries. This brand is much famous in the Chinese markets and BAIC group is one of the largest vehicle manufacturers in China specially the Off- Road vehicles. The products are already trial and tested in China. However, the brand is new for the Pakistani markets.

The Company has started its brand awareness campaign on social media which is being proved very effective. Alongside, the company has also imported some units of these vehicles which are being tested on Pakistani Roads under local weather conditions. The results so far are encouraging. Therefore, the Company is optimistic about the quality of the vehicles and hopefully these vehicles will make their place in the market easily within a short span of time.

Availability and Prices of Raw Material:

The production of tractor wheel rims and sheet metal components of Three Wheelers is dependent on the availability of imported steel in the International market, therefore, any hurdle in its availability and volatility of its prices may adversely affect the

production, input cost and supply of tractor wheel rims and sheet metal components of three wheelers.

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

Currency Devaluation:

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

Economic, Political and Law & Order conditions:

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

General Market Conditions:

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

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

Regulatory and Taxation Policy:

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



Sudden break down of Plant & Equipment:

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

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

Financial Risks:

The Company is also exposed to various financial risks which have been stated in note 40 to the audited financial statements.

Warranty cases:

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

Uncertainties:

- Volatility in prices of raw materials.
- Government's new taxation and regulatory policies.
- Pak Rupee parity against foreign currencies.
- Law and order situation in the country.
- Supply of electricity to the industry.
- Political and economic stability.
- Inflation Rate.
- Borrowing cost.

MATERIAL CHANGES:

No material changes or commitments affecting the financial position of the company have taken place between the end of the financial year and the date of the Report except as disclosed in the Directors' Report and financial statements.

BONUS SHARES AND CASH DIVIDEND:

The Board of Directors, at their meeting held on September 24, 2020 has recommended issuance of 30% bonus shares i.e. 30 ordinary shares for every 100 ordinary shares subject to the approval of shareholders in the forthcoming 29th Annual General Meeting of the Company.

However, no Cash Dividend has been recommended keeping in view the requirement of funds for the setting up of new project for the manufacturing/assembly of passenger cars and off-road vehicles.

FUTURE OUTLOOK:

The adverse effects of COVID-19 pandemic are long lasting and it has changed the working environment and life style of the general people. The Government of Pakistan has taken suitable measures to control this pandemic and subsequent to the period under review, there is a gradual decrease in new cases of Corona virus in the country but it will take long time for the complete control.

The economic conditions are not entirely in favour of industrialization and business growth although the Government has announced relief packages for certain classes of industry which will help to mobilize its allied industries and in turn the circulation of money will be in place.

In addition to this, the SBP announced refinance scheme for wages & salary at 3% mark up rate initially for April - June and then extended to July-September 2020, refinance scheme for the purchase and BMR of plant & machinery at 5% per annum. The SBP also announced the deferment of repayment of principal amount of long term loans for a period of one year. The SBP has further reduced the interest rate gradually from 13.25% to 7% p.a.

These measures will ease out the industrial sector to manage its cash flow and will also support to come out of this difficult situation.

Any further depreciation of Pak Rupee may have adverse effects on Company's profitability and sales volume.

Your company is taking appropriate measures for the



continuity of its operation under the pandemic environment without compromising on the health and safety of its employees.

Three Wheeler Vehicles:

Three wheelers' market is a growing market in the country. The Company is consistently introducing different models of three wheelers in passenger as well as in cargo loader categories keeping in view the market demand. The Company is committed to contribute in fulfilling the transportation needs of the people of Pakistan.

The EV Three Wheeler would be the future of the country but it will grow gradually. The price of this product may be on higher side due to its expensive electric kit.

The Company has successfully developed an EV Three Wheeler with two variants indigenously except for the electric kit. Its showcasing event was held in January 2020 which was attended and appreciated by higher Government officials, business and social community. The Company is closely working with the concerned Government authorities to make this product successful.

The Government has announced the details of custom tariffs, sales tax and other levies for EV Three Wheelers.

The Company has applied to Engineering Development Board (EDB) for obtaining permission for the manufacturing / assembly of EV Three Wheelers. As soon as the approval is granted, the Company will make arrangements for the introduction of EV Three Wheeler in the market instantly.

The Company will continue its policy of Research and Development to innovate new products as well as to improve the quality of existing products to remain ahead of the competition.

Looking ahead your Company expects a substantial revenue and profitability from this segment of business, **INSHA ALLAH.**

Automotive Parts:

The tractor industry is also under pressure, however, the production of tractors has started to improve in

subsequent to the period under review. The Company hope for the consistency in growth of this segment in next year.

Exports:

The Company is focusing on the export of Three Wheelers and is receiving inquiries from different countries, out of which some are being culminated into orders. Repetition of orders from the international buyers is encouraging for the company.

BUSINESS EXPANSION:

Passenger Cars and Off-Road Vehicles:

The Company is in the process of setting up of a new project for the manufacturing /assembly of passenger cars and off-road vehicles in a technical collaboration with a renowned Chinese Automobile manufacturer under the brand name "BAIC".

The outbreak of COVID-19 pandemic throughout the world including Pakistan has adversely affected the progress on the completion of this project and the Company could not achieve its completion date of June 30, 2020. The delay was occurred due to pending shipments of some essential parts of equipments from China, travel restrictions and stoppage of work on the project due to lockdown announced by the Provincial Government. Now the management is working fast to complete this project at the earliest possible date. It is expected that the project will be completed, Insha Allah, by the end of March 31, 2021.

The principle risks associated with this project are given below:

- Any adverse change in regulatory policies specifically auto development policy 2016-21.
- Product acceptability by the customers.
- Devaluation of Pak Rupee.
- Large number of competitors.
- Higher inflation rate.
- Availability of energy and its rising cost.

ISSUANCE OF RIGHT SHARES:

The Board of Directors of the Company in their meeting held on February 07, 2020 had 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. These funds were generated to utilize for the procurement of plant & machinery, repayment of some portion of loan and to finance the working capital partially in respect of four wheeler project. The Company had utilized funds of Rupees 227.72 Million for the aforesaid purposes up to June 30, 2020.

CORPORATE SOCIAL RESPONSIBILITY:

Corporate Social Responsibility is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large. During the year, the company carried out the following activities under CSR:

Health:

Company made contribution of Rs. 572,000/- to various hospitals that provide free of cost medical facilities to the poor or deserving people of the society. In addition to this, the Company also donated an amount of Rs. 600,000/- on account of Pandemic COVID-19.

In order to protect the employees from the pandemic COVID-19, the Company has formed SOP's and is taking all possible measures including wearing of masks, facilities for washing of hands, provision of sanitizers, walk-through gate with chlorine spray and maintaining a social distance. The Company has also formed a committee of employees who are continuously ensuring the compliance of SOP's of the Company.

Education:

Company donated a sum of Rs. 250,000/- to the institutions which are not only looking after the poor children but are also providing them education free of cost.

Financial Assistance:

Company spent Rs. 470,000/- on the welfare of deceased's workers families to meet their household and children's education expenses.

Hajj Sponsorship:

Every year the Company sends its 2 or 3 employees for performing Hajj which gives them spiritual satisfaction. Unfortunately, this year the Company could not send any employee to performed Hajj due to COVID-19.

Employment of Disabled persons:

Company creates employment opportunities for disabled persons to make them respectable and self sufficient in the society. Presently company has employed 27 disabled persons.

Clean Drinking Water:

Clean water is important for the health of workers. Company provides its workers clean filtered drinking water to keep them healthy and safe from different diseases.

Workforce Training:

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

Safety:

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

Environment Protection:

Wastages and scraps are properly managed and disposed off. Company's production scrap is also used as input material for making new components and in this way does not pollute the environment.



Contribution To National Exchequer:

Being a responsible citizen, the company has made a contribution of Rs. 667.84 Million to National Exchequer during the year in form of income tax, sales tax, custom duties and excise as compared to 739.55 million of last financial year. The decline is due to decrease in production and sales volumes.

IMPACT OF COVID-19 ON THE FINANCIAL STATEMENTS

The outbreak of COVID-19 pandemic throughout the world including Pakistan has adversely impacted not only the lives of human beings but also disrupted the operation of businesses. After the massive increase in the affected cases of COVID-19 Pandemic in Pakistan, the Provincial and Federal Government of Pakistan announced temporary lock downs as a measure to reduce the further spread of the COVID-19. Accordingly, the Company shut down its plant as on March 24, 2020. However, in compliance with the relaxation announced by Governments, the Company resumed its operation partially as on April 15, 2020 and completely as on May 18, 2020 after ensuring the implementation of the necessary Standard Operating Procedures (SOPs) for the safety of employees and for the smooth and adequate continuation of its business.

The Company's operation disruption, including the suspension of production, sales and other operational activities, resulted in a decline of sales revenue of around 7% and the corresponding profitability considering its pre-COVID-19 business trend.

The COVID-19 has also adversely impacted the progress on setting up of Company's four wheeler project due to which the Company could not achieve its desired date of completion.

Considering the applicable IFRS and going concern assumptions used for the preparation of these financial statements, the Company has assessed the accounting implications of this pandemic on these financial statements and determines that there has been no specifically quantifiable material impact of COVID-19 on the Company's financial statements except for the

decrease in revenue and corresponding profitability as stated above.

The State Bank of Pakistan announced various relaxations and refinance schemes to facilitate the business organizations to come out of the impact of pandemic, out of which the Company has availed the deferment of payment of principal amount of Diminishing Musharikah facility for a period of one year and refinance facility for the payment of wages & salaries of company's employees for the months April-June 2020 during the year and for the months July-September 2020 subsequent to the date of these financial statements. Complete detail has been stated in note 6 to these financial statements.

DIRECTORS' REMUNERATION POLICY:

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

The remuneration including benefits for the Executive Directors including Chief Executive is determined by the Board of Directors in accordance with the procedure laid down in the policy. However, no meeting attending fee is paid to Executive Directors.

No remuneration is paid to Non-Executive Directors except the meeting attending fee in accordance with the scale approved by the Board. The non-executive directors including independent directors who are residing outside Lahore are also paid travelling and accommodation expenses for attending the Board & Committees meetings.

No director participates in the proceedings of the meeting for determining his own remuneration.

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 was 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
8. Mr. Umair Ejaz
9. Mr. Taha Mahmood

The following directors of the Company retired as on March 20, 2020 after completion of their tenure of three years and they did not participate in election:

1. Mr. Mian Zafar Hameed
2. Mr. Ahsan Ejaz
3. Mr. Anwar Ali

APPOINTMENT OF CHAIRPERSON, CHIEF EXECUTIVE AND EXECUTIVE DIRECTORS:

The Board of Directors in their meeting held on March 28, 2020 had made the following appointments for a period of three years commencing from March 28, 2020:

- 1. Mrs. Saira Asad Hameed as Chairperson**
No Extra remuneration will be paid to her except meeting attending fee
- 2. Mr. Mian Asad Hameed as Chief Executive**
He will be paid monthly remuneration of Rs. 2.20 million whereas other benefits will be paid to him as per Company Policy. No meeting attending fee will be paid to him
- 3. Mr. Saeed Iqbal Khan as Executive Director-Technical**
He will be paid monthly remuneration of Rs. 1.050 million whereas other benefits will be paid to him as per Company Policy. No meeting attending fee will be paid to him
- 4. Mr. Mian Muhammad Ali Hameed as Executive Director-Marketing**
He will be paid monthly remuneration of Rs. 0.425 million whereas other benefits will be paid to him as per Company Policy. No meeting attending fee will be paid to him

No director had participated in the proceedings of meeting for determining his own remuneration.

COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE:

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

- **Presentation of Financial Statements** The financial statements, prepared by the management of the company, present its state of affairs fairly, the results of its operations, cash flows and changes in equity;
- **Books of Account** Proper books of account of the company have been maintained;
- **Accounting Policies** Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgement;
- **Compliance with International Financial Reporting Standards (IFRS)** International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and departure there from (if any) has been adequately disclosed and explained;
- **Internal Control System** The system of internal control is sound in design and has been effectively implemented and is being monitored continuously. The review will continue in future for the improvement in controls;
- **Going Concern** There are no significant doubts upon the Company's ability to continue as a going concern;
- **Best Practices of Corporate Governance** There has been no material departure from the best practices of corporate governance, as are applicable to the Company for the year ended June 30, 2020.
- **Financial Data of Last Years** Key operating and financial data of last six years is annexed as per annexure "A"

Dividend: The Board of Directors, at their meeting held on September 24, 2020 has recommended issuance of 30% bonus shares i.e. 30 ordinary shares for every 100 ordinary shares subject to the approval of shareholders in the forthcoming 29th Annual General Meeting of the Company.



However, no Cash Dividend has been recommended keeping in view the requirement of funds for the setting up of new project for the manufacturing/assembly of passenger cars and off-road vehicles.

Outstanding Statutory Dues: The outstanding statutory dues are given in notes to the financial statements.

Significant Plans and Decisions: To explore new business opportunities in automobile sector.

Code of Business Conduct: The Company has prepared a "Code of Business Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures. It has also been placed on the company's web site.

Composition of Board:

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

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

The composition of board is as follows:

a. Independent Directors:

Mr. Sardar Ejaz Ishaq Khan
Mr. Umair Ejaz
Mr. Taha Mahmood

b. Non-Executive Directors:

Mrs. Saira Asad Hameed
Mrs. Sana Suleyman
Mr. Humza Amjad Wazir

c. Executive directors including Chief Executive:

Mr. Mian Asad Hameed
Mr. Saeed Iqbal Khan
Mr. Mian Muhammad Ali Hameed

d. Female Directors:

Mrs. Saira Asad Hameed
Mrs. Sana Suleyman

Committees of the Board:

Name of Members	Board Audit Committee	HR&R Committee	Nomination Committee	Risk Management Committee
Mr. Umair Ejaz	**	*		**
Mr. Taha Mahmood	*	**		*
Mrs. Sana Suleyman	*			
Mr. Humza Amjad Wazir		*	*	
Mr. Mian Asad Hameed		*	**	
Mr. Saeed Iqbal Khan			*	
Mr. Mian Muhammad Ali Hameed				*

** Represents that the director is chairman of the respective committee

* Represents that the director is member of the respective committee

Attendance in Board and Committees' Meetings: The number of board and committees' meetings held during the year and attendance by each director is given below:

Name of Directors	Board	Board Audit Committee	HR&R Committee
Total Meetings Held	5	5	3
Mr. Mian Asad Hameed	5	-	1
Mrs. Saira Asad Hameed	5	-	-
Mr. Saeed Iqbal Khan	5	-	1
Mr. Mian Muhammad Ali Hameed	5	-	-
Mrs. Sana Suleyman	5	5	-
Mr. Humza Amjad Wazir	5	-	3
Mr. Sardar Ejaz Ishaq Khan elected on. 20.03.2020	2	-	-
Mr. Umair Ejaz elected on 20.03.2020	2	1	1
Mr. Taha Mahmood elected on 20.03.2020	2	1	1
Mr. Mian Zafar Hameed retired on 20.03.2020	3	-	-
Mr. Anwar Ali retired on 20.03.2020	3	4	2
Mr. Ahsan Ejaz retired on 20.03.2020	3	4	-

No meeting of Nomination Committee and Risk Management Committee was held during the year.

Leave of absence was granted to the Director who could not attend the Committee Meeting.

Directors' Training Programs during the year: The Company is in compliance of certification of Directors Training Programme. Out of nine, four directors have acquired the Directors' Training Programme (DTP) from SECP approved Institutions whereas two directors fall under the exemption criteria of Listed Companies (Code of Corporate Governance) Regulations 2019 and also obtained exemption from SECP.

Pattern of Shareholding: The pattern of shareholding is annexed as per annexure "B".



Trading in Company's Shares by Directors, executives and their spouses and minor children during the year:
Purchase, sale of Shares and change in beneficial ownership:

Name of Directors, Executives and Spouses	Purchase / Right shares	Sale
Mr. Mian Asad Hameed	5,944,735	-
Mrs. Saira Asad Hameed	896,324	-
Mr. Saeed Iqbal Khan	635,779	-
Mr. Mian Muhammad Ali Hameed	1,648,784	-
Mrs. Sana Suleyman	9,402	-
Mr. Humza Amjad Wazir	435	-
Mr. Sardar Ejaz Ishaq Khan	338	-
Mr. Umair Ejaz	373	-
Mr. Taha Mahmood	339	-
Mr. Mian Zafar Hameed retired on 20.03.2020	5,925	2,000
Mr. Anwar Ali retired on 20.03.2020	431	-
Mr. Ahsan Ejaz retired on 20.03.2020	783	-
Mr. Arshad Mahmood	9,828	-
Mrs. Naghmana Saeed	242,489	-
Mrs. Amina Humza Wazir	15,637	-
Mr. Muhammad Suleyman Khan	15,670	-
Mrs. Amberen Zafar Hameed	982	-
Mrs. Navin Anwar Ali	982	-

PERFORMANCE EVALUATION OF BOARD, COMMITTEES AND INDIVIDUAL DIRECTORS:

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

During the year, HR&R Committee has undertaken the evaluation process. The results were placed before the board for its consideration and necessary action.

AUDITORS:

The present auditors retire and being eligible offers themselves for reappointment. The Audit Committee and the Board of Directors have also recommended for their reappointment on the following remunerations:

	(Rupees)
a. Annual Audit	810,000
b. Half yearly review	171,500
c. Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019	15,000
d. Certificate under CDC Regulation and Report on Free-float of shares	15,000

EMPLOYEES RELATIONS:

The management and employees relationship is very cordial and it is hoped that both will work with the same spirit to achieve the desired goals of the Company.

ACKNOWLEDGEMENT:

We would like to place on record our appreciation for the untiring efforts, teamwork and dedication shown by the Company's employees during the year under review.

We would also like to express our gratitude to our valued shareholders, customers, suppliers and financial institutions for their continued support to the Company.

Lahore:
September 24, 2020

For and on behalf of the Board


Mian Asad Hameed
(Chief Executive)


Saeed Iqbal Khan
(Director)



ڈائریکٹران کی رپورٹ

کمپنی کے ڈائریکٹران 30 جون 2020ء کو مکمل ہونے والے سال کیلئے آڈٹ شدہ مالی گوشواروں کے ہمراہ کمپنی کی انٹیمو یوں (29) سالانہ رپورٹ بخوشی پیش کرتے ہیں۔ کاروبار کا مجموعی جائزہ:

مالی سال 2019-20 کے دوران کمپنی بنیادی طور پر تعمیری ویلز بشمول آئور کثیف، بریکٹر ویل رمز اور ہوم اپلائمنٹس کی پیداوار اور فروخت میں مصروف عمل رہی ہے۔

معاشی سست روی کے تسلسل، غیر ملکی کرنسی کے مقابلہ میں پاکستان روپے کی قدر میں مسلسل کمی، قرضے لینے کی لاگت اور افراط زر کی شرح میں بڑھوتری نے کاروبار کو بری طرح متاثر کیا ہے۔ ملک بھر میں وبائی مرض COVID-19 کے پھیلنے سے صورت حال کو مزید خراب کر دیا۔

ملک کا آئیکسٹریجر کسی استثناء کے ایک مشکل وقت سے گزر رہا ہے۔ رواں مالی سال کے دوران، کاروں کی پیداوار اور فروخت میں 54.90 فی صد اور 53.50 فی صد، ٹریکٹرز 34.70 فی صد اور 35.10 فی صد، 2&3 ویلز 23.10 فی صد اور 23.10 فی صد میں باترتیب کمی آئی ہے۔ (ذرائع: پاکستان آئو موبائل مینوفیکچررز ایسوسی ایشن)۔

ان کاروباری حالات میں، رواں مالی سال کے دوران کمپنی نے اپنے ملازمین کی صحت اور حفاظت کے لئے ایک ماہ سے زیادہ مدت کے لئے اپنے آپریشن بند رکھنے سمیت بہت سارے چیلنجز کا سامنا کیا ہے۔ جس کے نتیجے میں رواں مالی سال کے دوران کمپنی اپنی پیداوار اور فروخت کے اہداف سے پیچھے رہ گئی۔

مذکورہ بالا عوامل کی وجہ سے آمدن فروخت میں 10.15 فی صد کمی ہوئی جبکہ گزشتہ سال کے مقابلہ میں منافع میں 66.30 فی صد کمی ہوئی۔

وبائی مرض COVID-19 کے پھیلنے سے فورویئر پراجیکٹ کے قیام پر ہونے والی پیشرفت پر بھی اثر پڑا اور کمپنی اپنے تکمیل کے ہدف 30 جون 2020ء کو حاصل کرنے سے پیچھے رہ گئی، تاہم اب یہ تکمیل کے تیز رفتار راستے پر ہے۔

مالیاتی نتائج:

2019	2020	
(روپے)	(روپے)	
111,844,513	40,773,628	منافع قبل از ٹیکس
29,847,355	13,140,081	ٹیکس کا تخمینہ
81,997,158	27,633,547	منافع بعد از ٹیکس
5,345,702	(2,787,874)	کمپنی کی دوسری سالانہ آمدن (نقصان)
741,695,967	829,038,827	گزشتہ غیر مختص شدہ منافع (Brought Forward)
829,038,827	853,884,500	منافع جو مختص کرنے کے لئے دستیاب ہے
-	107,300,530	تخصیصات:
829,038,827	746,583,970	30 فی صد یوں حصص کے اجراء کے لئے ذخیرہ (2019: Nil)
		برآوردہ غیر مختص شدہ منافع (Carried Forward)



سیلز آمدنی:

اس سال کمپنی کی مجموعی سالانہ سیلز آمدنی 10.15 فی صد کی کے ساتھ پچھلے مالیاتی سال کے مقابلہ میں 3,218.52 ملین روپے سے کم ہو کر اس سال 2,891.75 ملین روپے ہو گئی ہے

حصہ وار سیلز آمدنی:

اس سال تھری ویلرز کی مجموعی سیلز آمدنی پچھلے سال کے مقابلہ میں 2,697.04 ملین روپے سے کم ہو کر 2,404.97 ملین روپے ہو گئی ہے جو کہ 10.83 فی صد کی کوٹا ہر کرتی ہے۔ آٹوموٹیو پارٹس کی مجموعی سیلز پچھلے سال کے مقابلہ میں 500.20 ملین روپے سے کم ہو کر 476.00 ملین روپے ہو گئی ہے جو کہ 4.84 فی صد کی کوٹا ہر کرتی ہے۔ ہوم اپلائنسز کی مجموعی سیلز آمدنی پچھلے سال کے مقابلہ میں 9.38 ملین روپے سے کم ہو کر 4.41 ملین روپے ہو گئی ہے۔ سال کے دوران فورویلر کی فروخت 6.38 ملین روپے تھی۔

تھری ویلرز کی فروخت میں آٹورکشش کی 30.24 ملین روپے کی برآمدات بھی شامل ہیں جو کہ پچھلے مالی سال کی برآمدات 11.05 ملین روپے سے 173.37 فیصد اضافہ کوٹا ہر کرتی ہیں سال کے دوران، کمپنی نے افغانستان، کمبوڈیا، زمبابوے، ساؤتھ کوریا اور جاپان کو آٹورکشش برآمد کئے۔

سال کے دوران، آٹوموٹیو کی مجموعی کارکردگی 27 فی صد اور خاص طور پر 2&3 ویلرز کی 23.1 فی صد منفی رہی (ذرائع: پاکستان آٹوموبائل مینوفیکچررز ایسوسی ایشن)۔ معاشی سست روی، کمپنی کے تھری ویلرز کی قیمتوں میں اضافہ اور وبا کی مرض COVID-19 کے پیش نظر لاک ڈاؤن نے ملک بھر میں کاروباری سرگرمیوں کو محدود کر دیا اور فروخت کے حجم کو بری طرح متاثر کیا۔

رواں مالی سال کے دوران، کمپنی نے موجودہ معاشی حالات سے نمٹنے کے لئے تین مختلف خصوصیات کے ساتھ "کارگولڈر" کا ایک نیا ماڈل بھی متعارف کرایا۔ اس مارکیٹ حصہ میں سخت مقابلے کے باوجود کمپنی کو اسکی عمدہ ڈیزائننگ، معیار اور کوالٹی کی وجہ سے اب تک ایک مثبت جواب ملا ہے۔

کمپنی نے پچھلے مالی سال 15,845 عدد تھری ویلرز کے مقابلہ میں اس سال 12,274 عدد فروخت کئے۔

اس عرصہ کے دوران، ٹریکٹروں کی پیداوار میں 34.7 فی صد کی آئی (ذرائع: پاکستان آٹوموبائل مینوفیکچررز ایسوسی ایشن)۔ لہذا اس سال کے دوران، پچھلے سال کے مقابلہ میں ٹریکٹروں بنانے والوں کی طرف سے ٹریکٹروں کی طلب میں کمی آئی۔ مارکیٹ طلب میں نمایاں کمی کی وجہ سے ہوم اپلائنسز کی فروخت میں کمی ہوئی ہے۔

مجموعی منافع:

کمپنی کا مجموعی منافع 37.71 ملین روپے کی کمی کے ساتھ پچھلے سال کے مقابلہ میں 330.72 ملین روپے سے کم ہو کر 293.01 ملین روپے ہو گیا ہے۔ مجموعی منافع کا تناسب بھی 10.28 فیصد سے کم ہو کر 10.13 فیصد ہو گیا ہے۔

قرضوں کی لاگت:

قرضوں کی لاگت پچھلے سال کے مقابلہ میں 39.77 ملین روپے کے اضافے کے ساتھ 24.29 ملین روپے سے بڑھ کر 64.06 ملین روپے ہو گئی ہے۔ اس سال کے دوران یہ اضافہ بنیادی طور پر فورویلر پراجیکٹ کے لئے طویل مدتی لئے گئے قرضوں پر لاگت میں اور دوسری قلیل مدتی بینکنگ سہولیات کے زیادہ استعمال کی وجہ سے ہے۔



قبل از ٹیکس منافع:

کمپنی کا قبل از ٹیکس منافع 71.07 ملین روپے کی کمی کے ساتھ پچھلے سال کے مقابلہ میں 111.84 ملین روپے سے کم ہو کر 40.77 ملین روپے ہو گیا ہے۔

آمدنی فی حصص:

کمپنی کی فی حصص آمدنی پچھلے سال کے مقابلہ میں 3.04 روپے (ری اسٹیٹ) سے کم ہو کر 0.96 روپے ہو گئی ہے جو کہ حصص داران کے لئے دستیاب منافع میں نمایاں کمی کو ظاہر کرتی ہے۔ سال کے دوران 14,200,000 نئے عام حصص کے اجراء کی وجہ سے پچھلے سال کی فی حصص آمدنی کو بھی (ری اسٹیٹ) کرنا پڑا ہے۔

پیداوار:

سال کے دوران، قمری ویلرز کی پیداوار کی تعداد 26.86 فی صدی کے ساتھ پچھلے سال کے مقابلہ میں 15,887 سے کم ہو کر اس سال 12,253 عدد رہی۔ سال کے دوران 61.27 فی صد پلانٹ کی صلاحیت کو بروئے کار لایا گیا۔ جبکہ ٹریڈر ویل رم کی پیداوار اس سال 6.62 فی صدی کے ساتھ پچھلے سال 73,395 کے مقابلہ میں 68,533 رہی۔

خطرات اور غیر یقینی صورت حال:

خطرات:

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

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

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

رسک مینجمنٹ اینڈ انٹرئل کنٹرول فریم ورک کی مکمل تفصیلات پر مبنی پالیسیاں کمپنی کی ویب سائٹ پر موجود ہیں۔

کمپنی کو درپیش چند بنیادی خطرات درج ذیل ہیں۔

نئی مصنوعات کی مارکیٹ میں رسائی:

کمپنی مالی سال 2020-21 کے دوران مسافروں کی آواز اور آف روڈ گاڑیاں متعارف کرانے کا ارادہ رکھتی ہے۔ یہ کمپنی کے لئے ایک نئی مارکیٹ ہوگی اور اس تک رسائی حاصل کرنے کے لئے کمپنی کو بہت سے چیلنجز کا سامنا کرنا پڑے گا۔

کمپنی اپنی مصنوعات کی مارکیٹنگ، فروخت اور سروس بعد از فروخت کے لئے پورے ملک میں ایک ٹھوس ڈیلرز شپ کا نظام قائم کر رہی ہے۔ کمپنی روزانہ کی بنیاد پر مسافروں اور آف روڈ گاڑیوں کے ممکنہ خریداروں اور ڈیلرز شپ کے حصول کے لئے دلچسپی رکھنے والے لوگوں سے انکوائریز وصول کر رہی ہے۔



کمپنی نے لاہور میں ایک سپروائزر اور پی اے ایف گالف ٹورنامنٹ میں منعقدہ آٹوموبائل نمائش میں بھی حصہ لیا۔ اور متوقع خریداروں اور بڑے پیمانے پر عام لوگوں کی جانب سے مثبت رائے ملی۔
نئی مصنوعات کے تعارف کے لئے مارکیٹنگ منصوبے کو حتمی شکل دی جا رہی ہے جو ان نئی مصنوعات کی رسائی کو آسان اور مددگار بنائے گی۔

مسافر کاروں اور آف روڈ گاڑیوں کی برانڈنگ:

"BAIC" برانڈ مختلف ممالکوں کی بین الاقوامی منڈیوں میں جانا پہچانا جاتا ہے یہ برانڈ چینی مارکیٹوں میں بہت مشہور ہے اور "BAIC" گروپ چین میں زیادہ گاڑیاں بنانے والی کمپنیوں خاص طور پر آف روڈ گاڑیاں بنانے والوں میں سے ایک ہے یہ مصنوعات پہلے ہی چین میں آزمائی ہوئی اور تجربہ شدہ ہے تاہم یہ برانڈ پاکستانی منڈیوں کے لئے نیا ہے۔

کمپنی نے موٹر گاڑیوں کی برانڈ بیداری مہم شروع کر دی ہے جو بہت کارآمد ثابت ہو رہی ہے اس کے ساتھ ساتھ، کمپنی نے ان گاڑیوں کے کچھ یونٹس بھی درآمد کئے ہیں جن کا مقامی موسمی حالات میں پاکستانی سڑکوں پر ٹیسٹ کیا جا رہا ہے اب تک کے نتائج حوصلہ افزا ہیں لہذا کمپنی گاڑیوں کے معیار کے بارے میں پرامید ہے اور امید ہے کہ یہ گاڑیاں بہت کم وقت میں آسانی سے مارکیٹ میں اپنی جگہ بنالیں گی۔

خام مال کی قیمت اور دستیابی:

ٹریڈرویل و مزارقہ قری و بیروز کے لوہے کے پرزہ جات کی پیداوار کا انحصار درآمدی لوہے کی بین الاقوامی مارکیٹ میں دستیابی پر ہے اس لئے اسکی دستیابی میں کسی بھی قسم کی رکاوٹ اور اس کی قیمتوں میں اتار چڑھاؤ قری و بیروز کے لوہے کے پرزہ جات اور ٹریڈرویل و مزارقہ قری و بیروز کی پیداوار، ان کی لاگت اور فراہمی پر برا اثر کر سکتی ہے۔

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

روپے کی قدر میں کمی:

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

اقتصادی، سیاسی اور امن و امان کی صورت حال:

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

عام مارکیٹ کے حالات:

کمپنی کی مصنوعات کی اقسام بہت اچھی ہیں اور حریف کے مقابلہ میں ان کو فائدہ مند برتری حاصل ہے۔ حریف کی جانب سے قیمتوں میں کوئی بھی جارحانہ کمی، نئی مصنوعات کا تعارف اور بعد از فروخت پالیسی میں جارحانہ تبدیلی کمپنی کی کم آمدن، کم منافع اور مارکیٹ حصہ داری میں کمی کے نتیجے کی صورت میں ہو سکتی ہے۔

کمپنی حریف پر مسلسل نظر رکھے ہوئے ہے تاکہ ان خطرات کی ابتدائی مراحل پر پہچان ہو سکے۔ ممکنہ علاقائی مخصوص پیداواری اشیاء کے حالات کے مد نظر کمزور منڈیوں کی سپورٹ کے لئے مختلف اقدامات کئے جاتے ہیں۔

ریگولیشنری اور ٹیکس پالیسی:

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



پلانٹ اور آلہ جات میں اچانک خرابی:

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

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

مالیاتی خطرات:

کمپنی کو مختلف مالی خطرات بھی لاحق ہیں جو تحقق شدہ مالیاتی گوشواروں کے نوٹ 40 میں بیان کر دیئے گئے ہیں۔

وارنٹی مقدمات:

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

غیر یقینی صورت حال:

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

نمایاں تبدیلیاں:

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

بونس حصص اور نقد منافع منقسمہ:

بورڈ آف ڈائریکٹران نے 24 ستمبر 2020 کو اپنے منعقدہ اجلاس میں تیس (30) فی صد بونس حصص کا اجراء تجویز کیا ہے یعنی ہر سو (100) عمومی حصص پر تیس (30) عمومی حصص جو کہ کمپنی کے آئندہ اثاثیوں (29) سالانہ اجلاس عام میں توثیق پر منحصر ہے۔



تاہم مسافروں اور آف روڈ گاڑیاں بنانے/اسمبلی کے لئے نئے منصوبے کے قیام کے لئے فنڈز کی ضروریات کو مد نظر رکھتے ہوئے کسی بھی نقد منافع منقسمہ کی سفارش نہیں کی گئی ہے۔

مستقبل پر نقطہ نظر:

وبائی مرض COVID-19 کے مضراثرات دیرپا ہیں اور اس نے عام لوگوں کی طرز زندگی اور کام کرنے کے ماحول کو تبدیل کر دیا ہے۔ حکومت پاکستان نے اس وبائی مرض پر قابو پانے کے لئے مناسب اقدامات اٹھائے ہیں اور جائزہ عرصہ کے بعد ملک میں کروٹا وائرس کے نئے کیسوں میں بتدریج کمی ہوئی ہے لیکن اس کے مکمل کنٹرول میں زیادہ وقت درکار ہوگا۔

معاشی صورت حال مکمل طور پر صنعتی اور کاروباری نموء کے حق میں نہیں ہے حالانکہ حکومت نے ترقیاتی صنعت کے لئے کچھ امدادی پیکج کا اعلان کیا ہے جو اس سے منسلک صنعتوں کو متحرک کرنے میں معاون ثابت ہوں گے اور اس کے نتیجے میں رقم کی گردش بھی عمل میں آئے گی۔

اس کے علاوہ اسٹیٹ بینک آف پاکستان نے ابتدائی طور پر اپریل تا جون کے لئے اجرت اور تنخواہ کی مدد میں 3 فی صد مارک اپ کی شرح پوری فنانس اسکیم کا اعلان کیا اور پھر بڑھا کر اسے جولائی تا ستمبر 2020 تک کر دیا، پلائنٹ اور مشینری کی خریداری اور اس کی جدت کے لئے ری فنانس اسکیم 5 فی صد سالانہ پر مارک اپ کا اعلان کیا۔ اسٹیٹ بینک آف پاکستان نے ایک سال کے لئے طویل مدتی قرضوں کی اصل رقم کی ادائیگی مؤخر کرنے کا اعلان بھی کیا۔ اسٹیٹ بینک آف پاکستان نے سود کی شرح کو بتدریج 13.25 فی صد سے کم کر کے 7 فی صد سالانہ کر دیا ہے۔

ان اقدامات سے صنعتی شعبے کو اپنی کیش فلو کا انتظام کرنے میں آسانی ہوگی اور اس مشکل صورت حال سے نکلنے میں بھی مدد ملے گی۔

پاکستانی روپے کی قدر میں مزید کمی کی وجہ سے کمپنی کے منافع اور فروخت کے حجم پر مضراثرات پڑ سکتے ہیں۔

آپ کی کمپنی اپنے ملازمین کی صحت اور حفاظت پر سمجھوتہ کئے بغیر وبائی ماحول کے پیش نظر اپنے کام کے تسلسل کے لئے مناسب اقدامات کر رہی ہے۔

تھری ویلر گاڑیاں:

تھری ویلر مارکیٹ ملک میں ایک بڑھتی ہوئی مارکیٹ ہے۔ کمپنی مارکیٹ کی طلب کو مد نظر رکھتے ہوئے مسافر بردار کیمپنگ کے ساتھ ساتھ کارگو لوڈ کیمپنگز میں بھی تھری ویلر کے مختلف ماڈلز کو مسلسل متعارف کرا رہی ہے کمپنی پاکستانی عوام کی آمدورفت کی ضروریات کو پورا کرنے کے لئے اپنا کردار ادا کرنے میں پرعزم ہے۔

ای وی تھری ویلر ملک کا مستقبل ہوگا لیکن اس میں آہستہ آہستہ ترقی ہوگی۔ مہنگی الیکٹریک کٹ ہونے کی وجہ سے اس پراڈکٹ کی قیمت زیادہ ہو سکتی ہے۔

کمپنی نے بجلی کی کٹ کے علاوہ مختلف خصوصیات کے ساتھ ای وی تھری ویلر کامیابی کے ساتھ تیار کئے ہیں۔ اسکی نمائش کا پروگرام جنوری 2020 میں منعقد ہوا جس میں اعلیٰ سرکاری عہدیداروں، کاروباری اور سماجی برادری نے شرکت کی اور ان کی تعریف کی۔ کمپنی اس پراڈکٹ کو کامیاب بنانے کے لئے متعلقہ سرکاری حکام کے ساتھ ملکر کام کر رہی ہے۔

حکومت نے ای وی تھری ویلر کے لئے کسٹم ٹیرف، سیل ٹیکس اور دیگر محصولات کی تفصیلات کا اعلان کیا ہے۔

کمپنی نے ای وی تھری ویلر کی تیاری/اسمبلی کی اجازت حاصل کرنے کے لئے انجینئرنگ ڈویلپمنٹ بورڈ (ای ڈی بی) کو درخواست دی ہے جیسے ہی منظوری مل جاتی ہے کمپنی فوری طور پر مارکیٹ میں ای وی تھری ویلر متعارف کرانے کے انتظامات کرے گی۔

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



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

آٹوموٹیو پارٹس:

ٹرکیٹرانسٹری بھی دباؤ میں ہے تاہم زیر جائزہ مدت کے بعد ٹریکٹروں کی پیداوار میں تیزی آنا شروع ہوگئی ہے کمپنی امید کرتی ہے کہ اگلے سال اس کاروبار کی ترقی میں تسلسل ہوگا۔

برآمدات:

کمپنی قمری دبلرز کی برآمد پر توجہ دے رہی ہے اور مختلف ممالک سے انکوائریز وصول کر رہی ہے جن میں سے کچھ آرڈر میں تبدیل ہو رہی ہیں۔ کمپنی کے لئے بین الاقوامی خریداروں کے دوبارہ آرڈرز حوصلہ افزا ہیں۔

کاروبار میں توسیع:

مسافر کاریں اور آف-روڈ گاڑیاں:

کمپنی معروف چائینز آٹوموبائل صنعت کار کے ساتھ تکنیکی تعاون سے "BAIC" برانڈ کے ساتھ مسافر کاریں اور آف-روڈ گاڑیاں تیار کرنے کے لئے ایک نئے پروجیکٹ پر کام کر رہی ہے۔ پاکستان سمیت دنیا بھر میں وبا کی مرض COVID-19 کے پھیلنے سے اس منصوبے کی تکمیل پر ہونے والی پیش رفت کو بری طرح متاثر کیا ہے اور کمپنی تعین کردہ اپنی معیاد 30 جون 2020ء حاصل نہ کر سکی۔ چین سے ساز و سامان کے کچھ ضروری حصوں کی منتقلی، سفری پابندیوں اور صوبائی حکومت کی جانب سے اعلان کردہ لاک ڈاؤن کی وجہ سے منصوبے پر کام رکسنے سے تاخیر ہوئی ہے۔ اب انتظامیہ اس منصوبے کو جلد از جلد مکمل کرنے تک مکمل کرنے کے لئے تیزی سے کام کر رہی ہے۔ اندازاً یہ منصوبہ 31 مارچ 2021 تک مکمل ہو جائے گا ان شاء اللہ

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

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

گاہک کی جانب سے مصنوعات کی قبولیت

پاکستان روپے کی قدر میں کمی

زیادہ تعداد میں حریفوں کا ہونا

افراط زر کی شرح میں اضافہ

توانائی کی دستیابی اور اس کی بڑھتی ہوئی لاگت

رائٹ حصص کا اجراء:

کمپنی کے بورڈ آف ڈائریکٹرز نے 710.00 ملین روپے فنڈ جمع کرنے کے لئے 07 فروری 2020 کو اپنے منعقدہ اجلاس میں 100 عام حصص کے عوض 65.8418140217 رائٹ حصص یعنی 65.8418140217 فی صد کے برابر قیمت پر -10 روپے فی حصص اور -40 روپے پر بیم (یعنی -50 روپے فی حصص) رائٹ حصص جاری کرنے کا فیصلہ کیا۔ یہ فنڈ ز پلانٹ اور مشینری کی خریداری، قرض کے کچھ حصے کی ادائیگی اور فروڈیلر پراجیکٹ کے سلسلے میں جزوی طور پر ورکنگ کپٹل کے لئے مالی اعانت کے لئے پیدا کئے گئے تھے۔ کمپنی نے 30 جون 2020 تک مذکورہ بالا مقاصد کے لئے ان فنڈز میں سے 227.72 ملین روپے استعمال کیے۔

ادارے کی سماجی ذمہ داری:

کمپنی کی یہ سماجی ذمہ داری ہے کہ وہ اپنے ملازمین، ان کے اہل خانہ، اپنے ارد گرد کے لوگوں اور اپنے معاشرے کے لوگوں کے رہنے کے معیار کو بلند کرنے کیلئے اقدامات جاری رکھے۔ اس سال کمپنی نے سماجی ذمہ داری کے تحت مندرجہ ذیل خدمات سر انجام دیں:



صحت:

کمپنی نے -/572,000 روپے مختلف ہسپتالوں کو دیئے جو کہ معاشرے کے غریب یا مستحق لوگوں کو مفت طبی سہولیات فراہم کرتے ہیں۔ اس کے علاوہ کمپنی نے -/600,000 روپے وبائی مرض COVID-19 کے کھاتے میں بھی عطیہ کئے ہیں۔

کمپنی نے وبائی مرض COVID-19 سے ملازمین کی حفاظت کے لئے ایس او پیز (SOP's) تشکیل دیئے ہیں اور ماسک پہننے، ہاتھ دھونے کی سہولیات، سینٹائزرز کی فراہمی، کلورین سپرے کے ساتھ واک تھرو گیٹ اور معاشی فاصلہ سمیت ہر ممکن اقدامات کر رہی ہے۔ کمپنی نے ایس او پیز (SOP's) کی تعمیل کو یقینی بنانے کے لئے ایک کمیٹی بھی تشکیل دی ہے۔

تعلیم:

کمپنی نے ان اداروں کو -/250,000 روپے دیئے جو کہ نہ صرف غریب بچوں کی دیکھ بھال کرتے ہیں بلکہ ان کو بلا معاوضہ تعلیم بھی فراہم کرتے ہیں۔

مالی معاونت:

کمپنی نے -/470,000 روپے اپنے مرحوم ملازمین کے اہل خانہ کی فلاح و بہبود اور ان کے بچوں کی تعلیم کے لیے خرچ کئے۔

جج سپانسرز شپ:

کمپنی ہر سال دو یا تین ملازمین کو جج کی ادائیگی کے لئے بھیجتی ہے جس سے انہیں روحانی اطمینان حاصل ہوتا ہے۔ بد قسمتی سے کمپنی اس سال COVID-19 کی وجہ سے کسی ملازم کو جج پر نہیں بھیج سکی۔

معذور افراد کے لیے روزگار:

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

پینے کا صاف پانی:

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

افراد کی قوت کی تربیت:

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

حفاظت:

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

ماحولیاتی حفاظت:

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



قومی خزانے میں شراکت:

ایک ذمہ دار شہری کی حیثیت سے کمپنی نے انکم ٹیکس، سیلز ٹیکس، کسٹم ڈیوٹی اور ایکسائز کی مد میں پچھلے سال 739.55 ملین روپے کے مقابلہ میں اس سال 667.84 ملین روپے جمع کرائے ہیں ٹیکسوں میں کمی پیداوار اور فروخت میں کمی کی وجہ سے ہے۔

مالی گوشواروں پر COVID-19 کا اثر:

پاکستان سمیت دنیا بھر میں وبائی مرض COVID-19 کے پھیلنے سے نہ صرف انسانی زندگیوں پر بلکہ کاروباری عمل بھی متاثر ہوا۔ پاکستان میں وبائی مرض COVID-19 کے متاثرہ کیسز میں بڑے پیمانے پر اضافے کے بعد پاکستان کی وفاقی اور صوبائی حکومتوں نے COVID-19 کے مزید پھیلاؤ کو روکنے کے لئے عارضی طور پر لاک ڈاؤن کا اعلان کیا۔ اسی مناسبت سے کمپنی نے 24 مارچ 2020 کو اپنا پلانٹ بند کر دیا۔ تاہم حکومت کی جانب سے نرمی کے اعلان کی تعمیل کرتے ہوئے، کمپنی نے کاروبار کو ہموار اور مناسب تسلسل اور ملازمین کی حفاظت کے لئے ضروری معیاری آپریشننگ طریقہ کار (SOPs) کے نفاذ کو یقینی بنانے کے بعد 15 اپریل 2020 کو جزوی طور پر اور 18 مئی 2020 کو مکمل طور پر کاروبار شروع کر دیا۔

کمپنی کے آپریشن میں خلل، بشمول پیداوار، فروخت اور دیگر آپریشنل سرگرمیوں کی معطلی کے نتیجے میں COVID-19 سے پہلے کے کاروباری رجحان کو مد نظر رکھا جائے تو تقریباً 7 فی صد فروخت اور متعلقہ آمدنی میں کمی واقع ہوئی۔

کمپنی کے فورویئر پراجیکٹ کے قیام پر ہونے والی پیش رفت پر وبائی مرض COVID-19 کے برے اثر کی وجہ سے کمپنی اپنے ٹیکمیل کے ہدف کو حاصل نہ کر سکی۔

ان مالی گوشواروں کی تیاری کے لئے استعمال ہونے والے قابل اطلاق IFRS اور کام جاری رکھنے والے مفروضوں پر غور کرتے ہوئے کمپنی نے ان مالی گوشواروں پر اس وبائی مرض کے اکاؤنٹنگ مضمرات کا اندازہ کیا ہے اور یقین کیا ہے کہ COVID-19 کا کمپنی کے مالی گوشواروں پر کوئی قابل قدر اثر نہیں پڑا ماسوائے آمدنی اور متعلقہ منافع میں کمی جو اوپر بیان کی گئی ہے۔

اسٹیٹ بینک آف پاکستان نے کاروباری اداروں کو وبائی مرض کے اثرات سے نکلنے کی سہولت کے لئے مختلف ری فنانس اسکیموں اور رعایتوں کا اعلان کیا، جن میں سے کمپنی نے ایک سال کی مدت کے لئے ڈیمینشنگ مشارقہ سہولت (Diminishing Musharikah Facility) کی اصل رقم کی ادائیگی کے التوا کی سہولت اور سال کے دوران اپریل سے جون 2020 کے مہینوں کے لئے اور مالی گوشواروں کی تاریخ کے بعد جولائی سے ستمبر 2020 کے مہینوں کے لئے کمپنی کے ملازمین کی اجرت اور تنخواہوں کی ادائیگی کی سہولت حاصل کی ہے۔ مالی گوشواروں کے نوٹ نمبر 6 میں ان کے بارے میں مکمل تفصیل بیان کی گئی ہے۔

ڈائریکٹران کے مشاہرہ کی پالیسی:

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

بورڈ آف ڈائریکٹران چیف ایگزیکٹیو سمیت ایگزیکٹیو ڈائریکٹران کے لئے مشاہرہ بشمول فوائد کا تعین پالیسی میں طے کردہ طریقہ کار کے مطابق کرتے ہیں۔ تاہم ایگزیکٹیو ڈائریکٹران کو کسی بھی اجلاس میں شرکت کرنے کی فیس ادا نہیں کی جاتی ہے۔

بورڈ کی جانب سے منظور شدہ سکیل کے مطابق نان ایگزیکٹیو ڈائریکٹران کو اجلاس میں شرکت کرنے کی فیس کے علاوہ کسی مشاہرہ کی ادائیگی نہیں کی جاتی ہے۔ آزاد ڈائریکٹران سمیت نان ایگزیکٹیو ڈائریکٹران جو لاہور سے باہر مقیم ہیں انہیں بورڈ اور کمیٹیوں کے اجلاسوں میں شرکت کرنے کے لئے سفری اور رہائشی اخراجات بھی ادا کئے جاتے ہیں۔

کوئی بھی ڈائریکٹر اپنا مشاہرہ طے کرنے کے لئے اجلاس کی کاروائی میں حصہ نہیں لیتا ہے۔



ڈائریکٹران کا انتخاب:

کمپنی کے ڈائریکٹران کا انتخاب 19 مارچ 2020 کو ہونے والے غیر معمولی اجلاس عام میں ہوا اور 20 مارچ 2020 سے شروع ہونے والی تین سال کی مدت کے لئے نیا بورڈ تشکیل دیا گیا تھا۔ نو (9) منتخب ڈائریکٹران کے نام ذیل میں دیے گئے ہیں۔

- | | | | | |
|-----------------------|-------------------------------|------------------------|---------------------------|-----------------------|
| 1. جناب میاں اسد حمید | 2. محترمہ سائرہ اسد حمید | 3. جناب سعید اقبال خان | 4. جناب میاں محمد علی حید | 5. محترمہ ثناء سلیمان |
| 6. جناب حمزہ امجدوزیر | 7. جناب سردار اعجاز اسحاق خان | 8. جناب عمیر اعجاز | 9. جناب طہ محمود | |

کمپنی کے مندرجہ ذیل ڈائریکٹران 20 مارچ 2020 کو اپنی تین سال کی مدت پوری ہونے پر ریٹائر ہوئے اور انہوں نے الیکشن میں حصہ نہیں لیا:

1. جناب میاں ظفر حمید	2. جناب احسن اعجاز	3. جناب انوار علی
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چیئر پرسن، چیف ایگزیکٹو اور ایگزیکٹو ڈائریکٹران کی تقرری:

بورڈ آف ڈائریکٹران نے 28 مارچ 2020 کو اپنے منعقدہ اجلاس میں 28 مارچ 2020 سے شروع ہونے والی تین سال کی مدت کے لئے درج ذیل تقرریاں کیں۔

1. محترمہ سائرہ اسد حمید بطور چیئر پرسن

انہیں اجلاس میں شرکت کی فیس کے سوا کوئی اضافی معاوضہ نہیں دیا جائے گا۔

2. جناب میاں اسد حمید بطور چیف ایگزیکٹو

انہیں 2.20 ملین روپے ماہانہ مشاہرہ ادا کیا جائے گا جبکہ دیگر فوائد انہیں کمپنی کی پالیسی کے مطابق ادا کئے جائیں گے۔ اجلاس میں شرکت کرنے کی فیس انہیں ادا نہیں کی جائے گی۔

3. جناب سعید اقبال خان بطور ایگزیکٹو ڈائریکٹر ٹیکنیکل

انہیں 1.050 ملین روپے ماہانہ مشاہرہ ادا کیا جائے گا جبکہ دیگر فوائد انہیں کمپنی کی پالیسی کے مطابق ادا کئے جائیں گے۔ اجلاس میں شرکت کرنے کی فیس انہیں ادا نہیں کی جائے گی۔

4. جناب میاں محمد علی حمید بطور ایگزیکٹو ڈائریکٹر مارکیٹنگ

انہیں 0.425 ملین روپے ماہانہ مشاہرہ ادا کیا جائے گا جبکہ دیگر فوائد انہیں کمپنی کی پالیسی کے مطابق ادا کئے جائیں گے۔ اجلاس میں شرکت کرنے کی فیس انہیں ادا نہیں کی جائے گی۔ کسی بھی ڈائریکٹر نے اپنا مشاہرہ طے کرنے کے لئے اجلاس کی کاروائی میں حصہ نہیں لیا تھا۔

کوڈ آف کارپوریٹ گورننس کی تعمیل:

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



مالی گوشواروں کی عکاسی:

کمپنی کی انتظامیہ کی طرف سے تیار کردہ مالیاتی گوشوارے، اس کے معاملات، اس کی کاروباری سرگرمیوں کے نتائج، کیش فلو اور ایکویٹی (Equity) میں تبدیلی کی منصفانہ عکاسی کرتے ہیں۔

اکاؤنٹس کی کتابیں:

کمپنی نے باضابطہ طور پر اکاؤنٹس کے کھاتوں کو برقرار رکھا ہے۔

اکاؤنٹنگ پالیسیاں:

ان مالیاتی گوشواروں کی تیاری میں مخصوص اکاؤنٹنگ پالیسیوں کی مستقل بنیادوں پر پیروی کی گئی ہے اور اکاؤنٹنگ کے تخمینے معقول اور دانش مندانہ رائے پر مبنی ہیں۔

انٹرنیشنل فنانشل رپورٹنگ سٹینڈرڈ کی پیروی:

ان مالیاتی گوشواروں کی تیاری میں فنانشل رپورٹنگ کے بین الاقوامی معیار کی، جہاں تک وہ پاکستان میں قابل اطلاق ہیں، پیروی کی گئی ہے اور اگر کہیں انحراف ہوا ہے تو اس کو مناسب طریقے سے ظاہر اور بیان کیا گیا ہے۔

انٹرنل کنٹرول سسٹم:

انٹرنل کنٹرول کا نظام اپنے ڈیزائن کے اعتبار سے محکم ہے اور اس کا موثر اطلاق اور نگرانی مسلسل کی جارہی ہے۔ کنٹرول میں بہتری کے لئے مستقبل میں بھی نگرانی جاری رہے گی۔

کام جاری رکھنے کی اہلیت:

بطور ادارہ کمپنی کے کام جاری رکھنے کی اہلیت پر کوئی نمایاں شک نہیں ہے۔

کارپوریٹ گورننس کے اصول:

کارپوریٹ گورننس کے رہنما اصول جن کا اطلاق کمپنی کے مالی سال ختمہ 30 جون 2020 پر لاگو ہوتا ہے سے انحراف نہیں کیا گیا ہے۔

پچھلے چھ سالوں کا فنانشل ڈیٹا:

گزشتہ چھ سال کا اہم کاروباری اور مالیاتی ڈیٹا اس سالانہ رپورٹ کے ساتھ منسلک (Annexure A) ہے۔

منافع منقسمہ:

بورڈ آف ڈائریکٹرانے 24 ستمبر 2020 کو اپنے منعقدہ اجلاس میں تیس (30) فی صد بونس حصص کا اجراء تجویز کیا ہے یعنی ہر سو 100 عمومی حصص پر تیس (30) عمومی حصص جو کہ کمپنی کے آئندہ ائیسویں (29) سالانہ اجلاس عام میں توثیق پر منحصر ہے۔ تاہم مسافر کاروں اور آف روڈ گاڑیاں بنانے / اسمبلی کے لئے نئے منصوبے کے قیام کے لئے فنڈز کی ضروریات کو مد نظر رکھتے ہوئے کسی بھی نقد منافع منقسمہ کی سفارش نہیں کی گئی ہے۔

واجب الادا قانونی واجبات:

واجب الادا قانونی محصولات مالیاتی گوشواروں کے نوٹس میں دیئے گئے ہیں۔



اہم فیصلے اور منصوبے:

گاڑیوں کے شعبہ میں کاروبار کے نئے مواقعوں کو تلاش کرتے رہنا۔

کاروبار کا ضابطہ اخلاق:

کمپنی نے کاروبار کا ضابطہ اخلاق تیار کیا ہے اور یقین دہانی کی گئی ہے کہ اس سے متعلقہ پالیسیوں اور طریقہ کار کو پوری کمپنی میں پھیلا یا جائے۔ اس کو کمپنی کی ویب سائٹ پر بھی آویزاں کیا گیا ہے۔

بورڈ کی ساخت:

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

الف۔ مرد (7) سات ب۔ عورت (2) دو

بورڈ کی ساخت مندرجہ ذیل ہے۔

آے۔ آزاد ڈائریکٹران:	جناب سردار اعجاز اسحاق خان	جناب عمیر اعجاز	جناب طحہ محمود
بی۔ نان ایگزیکٹو ڈائریکٹران:	محترمہ سائرہ اسد جمید	محترمہ ثناء سلیمان	جناب حمزہ امجد وزیر
سی۔ چیف ایگزیکٹو سمیت ایگزیکٹو ڈائریکٹران:	جناب میاں اسد جمید	جناب سعید اقبال خان	جناب میاں محمد علی حمید
ڈی۔ عورت ڈائریکٹران:	محترمہ سائرہ اسد جمید	محترمہ ثناء سلیمان	

بورڈ کمیٹیاں:

ممبران کے نام	بورڈ آڈٹ کمیٹی	ہیومن ریسورس اینڈ ریونیویشن کمیٹی	نومینیشن کمیٹی	رہنما کمیٹی
جناب عمیر اعجاز	**	*		**
جناب طحہ محمود	*	**		*
محترمہ ثناء سلیمان	*			
جناب حمزہ امجد وزیر		*	*	
جناب میاں اسد جمید		*	**	
جناب سعید اقبال خان			*	
جناب میاں محمد علی حمید				*

** ڈائریکٹر متعلقہ کمیٹی میں چیئرمین ہے۔

* ڈائریکٹر متعلقہ کمیٹی میں ممبر ہے۔



بورڈ اور کمیٹی کے اجلاس میں حاضری:

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

ڈائریکٹر ان کے نام	بورڈ	بورڈ آف آڈٹ کمیٹی	ہیومن ریسورس اینڈ ریمونیریشن کمیٹی
کل منعقدہ اجلاس	5	5	3
جناب میاں اسد حمید	5	-	1
محترمہ سائرہ اسد حمید	5	-	-
جناب سعید اقبال خان	5	-	1
جناب میاں محمد علی حید	5	-	-
محترمہ ثناء سلیمان	5	5	-
جناب حمزہ امجد وزیر	5	-	3
جناب سردار اعجاز اسحاق خان	2	-	-
20 مارچ 2020 کو منتخب ہوئے			
جناب عمیر اعجاز	2	1	1
20 مارچ 2020 کو منتخب ہوئے			
جناب طلحہ محمود	2	1	1
20 مارچ 2020 کو منتخب ہوئے			
جناب میاں ظفر حمید	3	-	-
20 مارچ 2020 کو ریٹائر ہو گئے			
جناب انوار علی	3	4	2
20 مارچ 2020 کو ریٹائر ہو گئے			
جناب احسن اعجاز	3	4	-
20 مارچ 2020 کو ریٹائر ہو گئے			

سال کے دوران نو مینٹننس کمیٹی اور رسک مینجمنٹ کمیٹی کا کوئی اجلاس نہیں ہوا۔

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

سال کے دوران ڈائریکٹر مینٹننگ پروگرام:

کمپنی سرٹیفیکیشن آف ڈائریکٹر مینٹننگ پروگرام کی پیوریٹی میں ہے۔ (9) میں سے چار (4) ڈائریکٹر ان نے ایس ای سی پی کے منظور شدہ اداروں سے ڈائریکٹر مینٹننگ پروگرام حاصل کیا ہے جبکہ دو (2) ڈائریکٹر ان کو سلیڈ کمیٹیز (کوڈ آف کارپوریٹ گورننس) ریکولیشنز 2019 کے تحت استثناء حاصل ہے اور ایس ای سی پی سے بھی استثناء حاصل کیا ہے۔

شیئر ہولڈنگ کی ترتیب:

شیئر ہولڈنگ کی ترتیب بطور Annexure B لف ہے۔

کمپنی کے حصص میں تجارت:

سال کے دوران ڈائریکٹر ان، ایگزیکٹوز اور ان کے شریک حیات اور تابع بچوں کی طرف سے حصص میں تجارت۔



حصص کی خرید و فروخت اور ان میں تبدیلی:

فروخت	خرید اور اسٹ حصص	ڈائریکٹران، ایگزیکٹوز اور شریک حیات کے نام
-	5,944,735	جناب میاں اسد حمید
-	896,324	محترمہ سائرہ اسد حمید
-	635,779	جناب سعید اقبال خان
-	1,648,784	جناب میاں محمد علی حمید
-	9,402	محترمہ ثناء سلیمان
-	435	جناب حمزہ امجد وزیر
-	338	جناب سردار اعجاز اسحاق خان
-	373	جناب عمیر اعجاز
-	339	جناب طہ محمود
2,000	5,925	جناب میاں ظفر حمید 20 مارچ 2020 کو ریٹائر ہو گئے
-	431	جناب انوار علی 20 مارچ 2020 کو ریٹائر ہو گئے
-	783	جناب احسن اعجاز 20 مارچ 2020 کو ریٹائر ہو گئے
-	9,828	جناب ارشد محمود
-	242,489	محترمہ نعمانہ سعید
-	15,637	محترمہ آمنہ حمزہ وزیر
-	15,670	محمد سلیمان خان
-	982	محترمہ ممبرین ظفر حمید
-	982	محترمہ نوین انوار علی

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

بورڈ نے اپنی کمیٹیوں اور انفرادی ڈائریکٹران کی کارکردگی کی جانچ پڑتال کے لئے ایک طریقہ کار اختیار کیا ہے۔ اس سال کے دوران، ہیومن ریسورس اینڈ ریویو نیشن کمیٹی نے جانچ پڑتال کا عمل کیا ہے۔ نتائج کو بورڈ کے خورد و خوراک کے لئے پیش کیا گیا۔

آڈیٹرز:

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

روپے	سالانہ آڈٹ	اے۔
810,000	ششما کی جائزہ	بی۔
171,500	سینٹ آف کمپلائنس وولونٹیری (کوڈ آف کارپوریٹ گورننس) ریگولیشن، 2019	سی۔
15,000	سی ڈی ای ریگولیشن کے تحت سرٹیفیکیٹ اور فری فلوٹ حصص پر رپورٹ	ڈی۔



ملازمین سے تعلقات:

انتظامیہ اور ملازمین کے تعلقات بہت خوشگوار ہیں اور یہ امید کی جاتی ہے کہ دونوں کمپنی کے مطلوبہ مقاصد کے حصول کے لئے ایک ہی جذبے کے ساتھ کام کریں گے۔

اظہار تشکر:

ہم اپنی کمپنی کے ملازمین کی ان تھک کوششوں، ٹیم ورک اور لگن جس کا اظہار انہوں نے موجودہ سال کے دوران کیا ہے کے شکر گزار ہیں۔ ہم اپنے معزز حصص داران، گاہکوں، سپلائرز اور مالی اداروں کے کمپنی کے ساتھ مسلسل تعاون کرنے پر بھی شکر گزار ہیں۔

لاہور:

24 ستمبر 2020

بورڈ آف ڈائریکٹرز کی جانب سے

Saeed

سعید اقبال خان

ڈائریکٹر

M. Iqbal

میال اسد جمید

چیف ایگزیکٹو



SUMMARY OF LAST SIX YEARS' FINANCIAL RESULTS

ANNEXURE-A

Description	2020	2019	2018	2017	2016	2015
R U P E E S						
Profit & Loss Account:						
Turnover	2,891,754,502	3,218,523,838	3,968,217,110	3,618,144,493	2,873,866,541	2,473,657,974
Gross Profit	293,014,141	330,722,331	444,912,891	379,481,004	288,686,425	234,215,035
Operating Profit	89,866,167	132,481,095	247,993,771	202,980,483	149,453,460	104,654,299
Profit before taxation	40,773,628	111,844,513	254,678,642	204,113,745	153,957,796	99,655,475
Profit after taxation	27,633,547	81,997,158	186,005,018	142,821,941	107,669,738	73,682,904
Statement of Financial Position						
Paid up share capital	357,668,420	215,668,420	215,668,420	179,723,680	179,723,680	179,723,680
Capital reserve - Share premium account	557,406,192	-	-	-	-	-
Accumulated Profit	853,884,500	829,038,827	741,695,967	594,064,626	509,691,079	437,195,803
Fixed Capital Expenditure	1,318,409,750	998,187,948	708,814,230	533,057,992	244,653,763	250,828,978
Other long term assets	31,003,008	28,215,108	21,119,673	17,256,294	14,894,352	11,414,241
Net current assets / (liabilities)	862,362,360	388,941,345	387,033,041	361,809,654	548,424,835	461,424,514
Long term liabilities	459,315,412	370,637,154	159,602,557	138,335,634	118,558,191	106,748,250
Significant Ratios:						
Gross profit ratio %	10.13	10.28	11.21	10.49	10.05	9.47
Profit/(loss) before tax ratio %	1.41	3.48	6.42	5.64	5.36	4.03
Fixed assets turnover ratio %	219.34	322.44	559.84	678.75	1,174.67	986.19
Price earning ratio - times	130.45	72.35	33.04	41.36	6.26	11.27
Return on capital employed % (Before I & Tax)	4.03	9.36	22.20	22.25	18.50	14.46
Return on equity ratio (after Tax)	1.56%	7.85%	19.43%	18.46%	15.62%	11.94%
Market value per share (PSX) Rs.	124.59	219.85	284.98	273.93	31.25	38.50
Break up value per share	49.46	48.44	44.39	43.05	38.36	34.33
Long term Debt : Equity ratio	26 : 74	35 : 65	17 : 83	18 : 82	17 : 83	17 : 83
Current ratio	2.47 : 1	1.70 : 1	1.79 : 1	1.73 : 1	2.48 : 1	2.26 : 1
Interest cover ratio - times	1.64	5.60	53.02	115.06	56.39	14.39
Cash Dividend %						
Interim Dividend	-	-	-	12.50	10.00	10.00
Final Dividend	-	-	-	-	15.00	10.00
Scrip Dividend %	30.00	-	-	20.00	-	-
Earnings per share Rs.	0.96	3.04	8.62	6.62	4.99	3.42

Note:

Earnings Per Share, consequently Price Earning ratio, has been adjusted to reflect the effect of Right Issue for the year 2020 and 2019.



FORM-34

ANNEXURE - B

THE COMPANIES ACT, 2017 (SECTION 227 (2)(f))
PATTERN OF SHAREHOLDING AS ON JUNE 30, 2020

SAZGAR ENGINEERING WORKS LIMITED

Registration Number: 0025184

NUMBER OF SHAREHOLDERS	SHAREHOLDING			TOTAL SHARES HELD	PERCENTAGE %
	FROM		TO		
583	1	-	100	36,504	0.10%
820	101	-	500	277,115	0.77%
511	501	-	1,000	439,265	1.23%
750	1,001	-	5,000	1,705,724	4.77%
130	5,001	-	10,000	950,085	2.66%
31	10,001	-	15,000	391,817	1.10%
20	15,001	-	20,000	346,022	0.97%
15	20,001	-	25,000	364,737	1.02%
8	25,001	-	30,000	224,451	0.63%
3	30,001	-	35,000	100,361	0.28%
8	35,001	-	40,000	313,336	0.88%
1	40,001	-	45,000	42,500	0.12%
7	45,001	-	50,000	338,000	0.95%
7	50,001	-	55,000	375,541	1.05%
2	55,001	-	60,000	113,615	0.32%
2	70,001	-	75,000	149,649	0.42%
2	80,001	-	85,000	161,136	0.45%
1	85,001	-	90,000	89,795	0.25%
2	95,001	-	100,000	198,000	0.55%
1	105,001	-	110,000	110,000	0.31%
1	120,001	-	125,000	123,789	0.35%
2	130,001	-	135,000	263,700	0.74%
2	150,001	-	155,000	304,746	0.85%
1	160,001	-	165,000	161,000	0.45%
1	170,001	-	175,000	173,167	0.48%
1	610,001	-	615,000	610,780	1.71%
1	995,001	-	1,000,000	1,000,000	2.80%
1	1,035,001	-	1,040,000	1,035,200	2.89%
1	1,105,001	-	1,110,000	1,108,300	3.10%
1	1,275,001	-	1,280,000	1,278,000	3.57%
1	1,600,001	-	1,605,000	1,601,396	4.48%
1	2,255,001	-	2,260,000	2,257,654	6.31%
1	4,150,001	-	4,155,000	4,152,944	11.61%
1	14,965,001	-	14,970,000	14,968,513	41.85%
2,920				35,766,842	100.00%


Mian Asad Hameed
(Chief Executive)


Saeed Iqbal Khan
(Director)



PATTERN OF SHAREHOLDING

CATEGORIES OF SHAREHOLDERS	NUMBER OF SHARES HELD	SHAREHOLDING
I Directors, Chief Executive Officer, and their Spouse And Minor Children		
i. Mr. Mian Asad Hameed	14,968,513	41.85%
ii. Mrs. Saira Asad Hameed	2,257,654	6.31%
iii. Mr. Saeed Iqbal Khan	1,601,396	4.48%
iv. Mr. Mian Muhammad Ali Hameed	4,152,944	11.61%
v. Mrs. Sana Suleyman	23,682	0.07%
vi. Mr. Humza Amjad Wazir	1,097	0.00%
vii. Mr. Sardar Ejaz Ishaq Khan	852	0.00%
viii. Mr. Umair Ejaz	940	0.00%
ix. Mr. Taha Mahmood	854	0.00%
x. Mrs. Naghmana Saeed W/o Mr. Saeed Iqbal Khan	610,780	1.71%
xi. Mr. Muhammad Suleyman Khan spouse of Mrs. Sana Suleyman	39,470	0.11%
xii. Mrs. Amina Humza Wazir W/o Mr. Humza Amjad Wazir	39,387	0.11%
II Associated Companies, Undertakings & Related Parties	Nil	-
III NIT and ICP	Nil	-
IV Banks, Development Financial Institutions, Non Banking Financial Institutions	Nil	-
V Insurance Companies		
i. DAWOOD FAMILY TAKAFUL LIMITED	22,500	0.06%
VI Modarabas and Mutual Funds		
i. CDC - TRUSTEE PICIC INVESTMENT FUND	25,000	0.07%
ii. CDC - TRUSTEE PICIC GROWTH FUND	25,000	0.07%
iii. B.R.R. GUARDIAN MODARABA	133,600	0.37%
iv. CDC - TRUSTEE HBL - STOCK FUND	25,000	0.07%
v. CDC - TRUSTEE HBL EQUITY FUND	150,900	0.42%
vi. CDC - TRUSTEE HBL IPF EQUITY SUB FUND	8,000	0.02%
vii. CDC - TRUSTEE HBL PF EQUITY SUB FUND	10,100	0.03%
viii. CDC - TRUSTEE FIRST CAPITAL MUTUAL FUND	5,000	0.01%
ix. CDC - TRUSTEE HBL ISLAMIC EQUITY FUND	75,000	0.21%
x. CDC - TRUSTEE ABL PENSION FUND - EQUITY SUB FUND	165	0.00%
xi. M/s. ABA ALI HABIB SECURITIES (PVT) LIMITED - MF	1,000	0.00%
xii. MCBFSL - TRUSTEE HBL ISLAMIC DEDICATED EQUITY FUND	1,100	0.00%
VII Shareholders Holding 10% (other than above S.No. I)	Nil	-
VIII General Public		
a. Local	10,850,145	30.34%
b. Foreign	Nil	-
IX Others (to be specified)		
Joint Stock Companies	579,343	1.62%
Cooperative Societies	6,820	0.02%
Employees Provident Fund	52,600	0.15%
Investment Companies	98,000	0.27%
TOTAL	35,766,842	100.00%

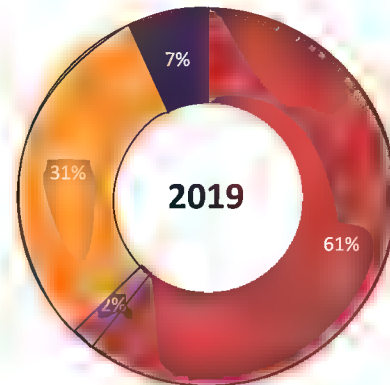
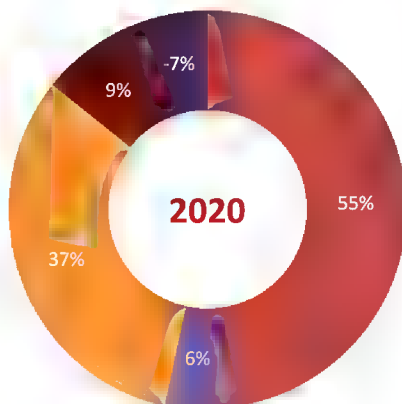

Mian Asad Hameed
 (Chief Executive)


Saeed Iqbal Khan
 (Director)



STATEMENT OF VALUE ADDITION AND ITS DISTRIBUTION

	June 30, 2020	%	June 30, 2019	%
Rupees				
VALUE ADDITION				
Gross Sales	3,391,189,678		3,780,417,991	
Other Operation Income	14,969,028		3,656,208	
Total Income	3,406,158,706		3,784,074,199	
Addition of material and services and other expenses	2,252,123,135		2,576,500,589	
TOTAL VALUE ADDITION	1,154,035,571		1,207,573,610	
VALUE DISTRIBUTION				
To Government				
Worker Welfare Fund	952,260		2,193,740	
Sales Tax	499,435,176		561,894,153	
Income Tax & Custom Duties	137,398,975		166,506,627	
	637,786,411	55%	730,594,520	61%
To Employees				
Workers' profits participation fund	2,233,024		6,080,459	
Salaries, wages and benefits	422,321,022		364,608,683	
	424,554,046	37%	370,689,142	31%
To Finance Providers				
Financial charges to providers of finance	64,061,567	6%	24,292,790	2%
To Shareholders				
Dividend to shareholders	107,300,530	9%	-	0%
Retained in / (Distributed) from Business				
Un-appropriated Profit	(79,666,983)	-7%	81,997,158	7%
TOTAL VALUE DISTRIBUTION	1,154,035,571	100%	1,207,573,610	100%

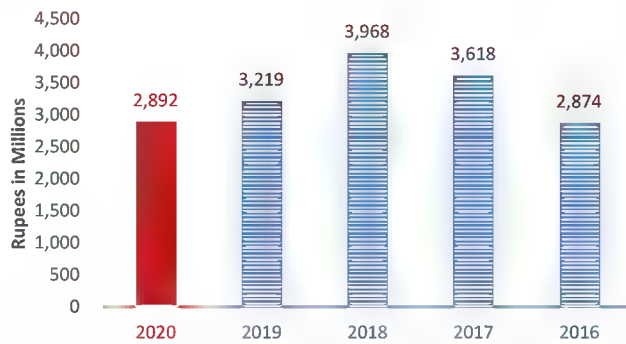


■ Government
 ■ Finance Provider
 ■ Employees
 ■ Shareholders
 ■ Business

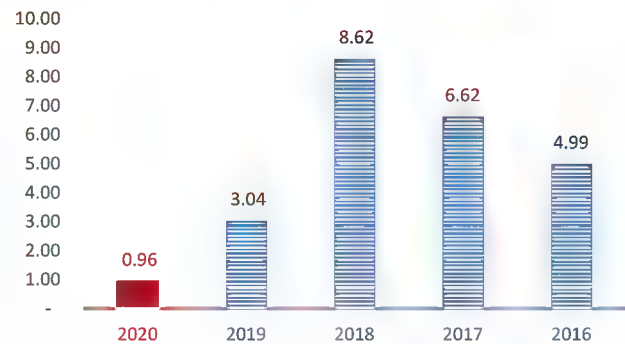


FINANCIAL PERFORMANCE

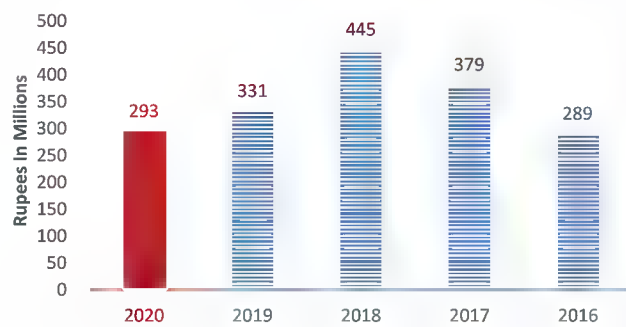
TURNOVER



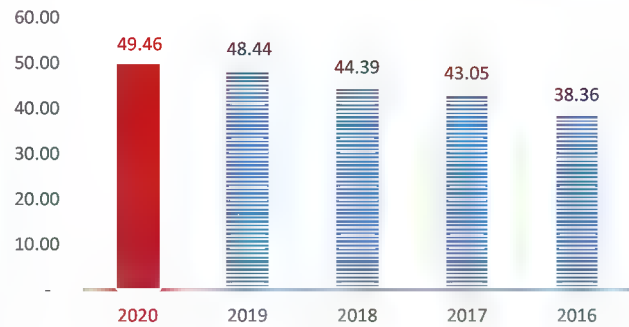
EARNINGS PER SHARE RS.



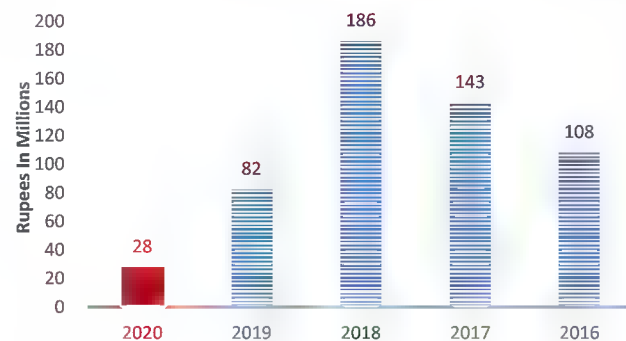
GROSS PROFITS



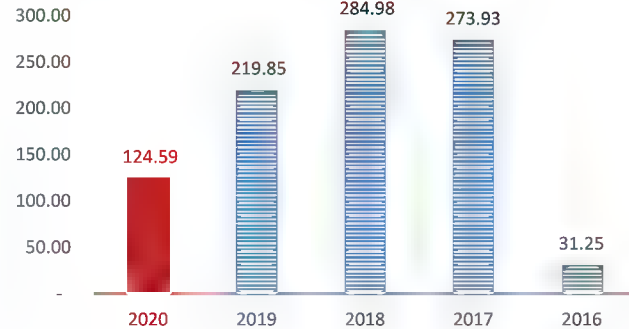
BREAK UP VALUE PER SHARE RS.



NET PROFIT AFTER TAX



MARKET VALUE PER SHARE (PSX) RS.





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

Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of **Sazgar Engineering Works Limited** (the Company) for the year ended June 30, 2020 in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2020.

H.Y.K and Co.
Chartered Accountants
Lahore

September 24, 2020

Engagement Partner: Muhammad Yousaf



STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

NAME OF COMPANY: SAZGAR ENGINEERING WORKS LIMITED

YEAR ENDED: JUNE 30, 2020

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

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

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

2. The composition of board is as follows:

i	Independent Directors	Mr. Sardar Ejaz Ishaq Khan, Mr. Umair Ejaz, Mr. Taha Mahmood
ii	Non-Executive Directors	Mrs. Saira Asad Hameed, Mrs. Sana Suleyman, Mr. Humza Amjad Wazir
iii	Executive Directors	Mr. Mian Asad Hameed, Mr. Saeed Iqbal Khan, Mr. Mian Muhammad Ali Hameed
iv	Female Directors	Mrs. Saira Asad Hameed, Mrs. Sana Suleyman

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company.
4. The company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
5. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the Company.
6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by the board/ shareholders as empowered by the relevant provisions of the Act and these Regulations.
7. The meetings of the Board were presided over by the Chairperson and, in her absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board.
8. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. Directors' Training program requirements have been complied with. No Director obtained the training during the year.
10. The board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the board.
12. The board has formed committees comprising of members given below:

S.No.	Name of Committees	Name of Members and Chairman
a)	Audit Committee	Chairman: Mr. Umair Ejaz Members: Mrs. Sana Suleyman, Mr. Taha Mahmood
b)	HR and Remuneration Committee	Chairman: Mr. Taha Mahmood Members: Mr. Mian Asad Hameed, Mr. Humza Amjad Wazir, Mr. Umair Ejaz
c)	Nomination Committee	Chairman: Mr. Mian Asad Hameed Members: Mr. Saeed Iqbal Khan, Mr. Humza Amjad Wazir
d)	Risk Management Committee	Chairman: Mr. Umair Ejaz Members: Mr. Mian Muhammad Ali Hameed, Mr. Taha Mahmood



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

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

Committee	Frequency
Audit Committee	Quarterly, Yearly
HR and Remuneration Committee	Yearly, as and when require
Nomination Committee	Yearly, as and when require
Risk Management Committee	Yearly, as and when require

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

16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company.

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

18. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.

For and on behalf of the Board

Lahore:
September 24, 2020


Mian Asad Hameed
(Chief Executive)


Saeed Iqbal Khan
(Director)



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

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **Sazgar Engineering Works Limited (the Company)**, which comprise the statement of financial position as at June 30, 2020, and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2020 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

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



S. No.	Key audit matters	How the matters were addressed in our audit
1	<p>Impact of COVID-19 (Refer note 44 to the annexed financial statements)</p> <p>Due to the pandemic of Covid-19 in Pakistan, Provincial and Federal Government announced temporarily lockdown as a measure of reduce the spread of the Covid-19. Accordingly, the Company shut down its plant as on March 24, 2020. However, in compliance with the relaxation announced by the Governments, the Company resumed its operation partially as on April 15, 2020 and completely as on May 18, 2020. This affected the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team.</p> <p>In relation to the accounting and reporting obligations, management assessed the significant areas for incorporating COVID-19 impact in the financial statements by considering the applicable IFRS and going concern assumptions used.</p> <p>The COVID-19 pandemic is a significant development during the year having the most significant impact on audit strategy and its execution and involved assessment of significant management judgments in the preparation of financial statements. Therefore, we considered it to be a key audit matter.</p>	<p>Our audit procedures amongst others included the following:</p> <ol style="list-style-type: none"> Obtained an overall understanding of the changes in financial reporting process and underlying controls in order to determine the appropriate audit strategy; Assessed the reasonableness of the forward looking factors under the Covid-19 situation used by the management in preparing Expected Credit Loss Model as per IFRS 9. Evaluated whether any impairment indicators exist that could trigger impairment for tangible and intangible assets; Obtained the computation of NRV of inventory and checked its reasonableness; Evaluated management's assessment as to whether any provisions were required to be recorded as a result of COVID-19; Reviewed the key debt covenants of the loan agreement and checked that the company is in compliance with these covenants. Evaluated management's going concern assessment by reviewing the approved budget/ future cash flow forecast and assessed whether going concern assumption is appropriate. Assessed the adequacy of the disclosures made by the Company under the applicable financial reporting framework.



2	<p>Capitalization of Property, Plant and Equipment and Capital Work in Progress</p> <p>Refer notes 3.3 and 15 to the financial statements.</p> <p>The Company has made significant capital expenditure on four-wheeler projects.</p> <p>We identified capitalization of property, plant and equipment as key audit matter because there is a risk that amounts being capitalized may not meet the capitalization criteria.</p>	<p>Our audit procedures to assess the capitalization of property, plant and equipment and Capital Work in Progress, amongst others, include the following,</p> <ol style="list-style-type: none"> Understanding the design and implementation of management controls over capitalization and performing tests of control over authorization of capital expenditure and accuracy of its recording in the system; Tested on sample basis, the costs incurred on assets with supporting documentation and contracts. Assessed the nature of costs incurred for the capital assets through testing, on sample basis, of amounts recorded and considering whether the expenditure meets the criteria for capitalization as per the accounting policy and applicable accounting standards; and Inspected supporting documents for the date of capitalization when asset was ready for its intended use to assess whether depreciation commenced and further capitalization of costs ceased from that date and assessing the useful life assigned by management including testing the calculation of related depreciation. Evaluated whether any impairment indicators exist that could trigger impairment for tangible assets; Assessed the adequacy of the related disclosures made in the financial statements in this respect with regard to the applicable accounting and reporting standards.
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3	<p>Contingent Liabilities</p> <p>Refer notes 14.1 to the financial statements.</p> <p>The Company has significant contingent liabilities in respect of Income Tax, Sales Tax, Punjab Social Security Institution, The Employees' Old Age Benefits Institution and other claim matters, which are pending adjudication at various appellate forums.</p> <p>Contingencies require management to make judgments and estimates in relation to the interpretation of laws, statutory rules, regulations and the probability of outcome and financial impact, if any, on the Company for disclosure and recognition and measurement of any provision that may be required against such contingencies. Due to the significance of the amounts involved, inherent uncertainties with respect to the outcome of the matters and use of significant management judgments and estimates to assess the same including related financial impacts, we have considered contingent liabilities as a key audit matter</p>	<p>Our audit procedures, amongst others, included the following:</p> <ul style="list-style-type: none"> i) Obtained an understanding of the Company's process and controls over litigations through meetings with management and review of minutes of the meetings of Board of Directors and Board Audit Committee; ii) Obtained and assessed details of the pending tax and other legal matters and discussed the same with the Company's management; iii) Circularized confirmations to the Company's external legal and tax counsels for their views on legal position of the Company in relation to these pending matters; iv) Involved internal tax professionals to assess management's conclusion on contingent tax and other legal matters and evaluated consistency of such conclusions with the views of management and external tax and legal counsels engaged by the Company; v) Checked correspondence of the Company with the relevant authorities including judgments or orders passed by the competent authorities in relation to the issues involved or matters which have similarities with the issues involved; and vi) Assessed the adequacy of the related disclosures made in the financial statements in this respect with regard to the applicable accounting and reporting standards.
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Information Other than the Financial Statements and Auditor's Report Thereon

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

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

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may



involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

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

(a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

(b) the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;



(c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

(d) No zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

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

H.Y.K and Co.
Chartered Accountants
Lahore

Date: September 24, 2020



STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2020

	Note	June 30, 2020 Rupees	June 30, 2019 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital	5.1	500,000,000	500,000,000
Issued, subscribed and paid-up share capital	5.2	357,668,420	215,668,420
Capital reserve - Share premium account	5.3	557,406,192	-
Revenue reserve - Un-appropriated Profit		853,884,500	829,038,827
		1,768,959,112	1,044,707,247
LIABILITIES			
NON CURRENT LIABILITIES			
Long term financing	6	249,407,861	201,669,995
Lease Liabilities	7	7,800,000	-
Deferred liabilities	8	202,107,551	168,967,159
Deferred Grant	9	5,170,602	-
CURRENT LIABILITIES			
Trade and other payables	10	413,569,969	515,981,079
Unclaimed dividend		1,443,792	1,496,234
Profit accrued on loans and other payables	11	40,073,361	15,695,208
Short term borrowings	12	-	-
Current portion of long term liabilities	13	131,637,943	22,401,560
		586,725,065	555,574,081
CONTINGENCIES AND COMMITMENTS			
	14	-	-
TOTAL EQUITY AND LIABILITIES		2,820,170,190	1,970,918,482
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	15	1,318,332,806	998,079,388
Intangible assets	16	76,944	108,560
Long term loan and advances	17	27,490,153	24,895,253
Long term deposits	18	3,512,855	3,319,855
Deferred taxation	8	21,670,008	-
CURRENT ASSETS			
Stores, spares and loose tools	19	5,281,932	2,992,529
Stock-in-trade	20	660,110,327	645,847,730
Trade debts	21	122,597,252	115,605,575
Loans & advances	22	16,101,921	16,220,005
Trade deposits and short term prepayments	23	66,248,138	48,610,555
Other receivables	24	129,928,799	109,271,671
Cash and bank balances	25	448,819,055	5,967,361
		1,449,087,424	944,515,426
TOTAL ASSETS		2,820,170,190	1,970,918,482

The annexed notes 1 to 48 form an integral part of these financial statements.


MIAN ASAD HAMEED
CHIEF EXECUTIVE


SAEED IQBAL KHAN
DIRECTOR


MUHAMMAD ATIF RAO
CHIEF FINANCIAL OFFICER



STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED JUNE 30, 2020

		June 30, 2020	June 30, 2019
	Note	Rupees	Rupees
Sales - Net	26	2,891,754,502	3,218,523,838
Cost of sales	27	2,598,740,361	2,887,801,507
Gross Profit		293,014,141	330,722,331
Distribution cost	28	96,378,289	93,465,103
Administrative expenses	29	100,432,901	93,313,934
Other operating expenses	30	6,336,784	11,462,199
		203,147,974	198,241,236
		89,866,167	132,481,095
Other income	31	14,969,028	3,656,208
Operating profit before finance cost		104,835,195	136,137,303
Finance cost	32	64,061,567	24,292,790
Profit before taxation		40,773,628	111,844,513
Taxation	33	13,140,081	29,847,355
Profit after taxation		27,633,547	81,997,158
Earnings per share - Basic and diluted	34	0.96	Restated 3.04

The annexed notes 1 to 48 form an integral part of these financial statements.


MIAN ASAD HAMEED
CHIEF EXECUTIVE


SAEED IQBAL KHAN
DIRECTOR


MUHAMMAD ATIF RAO
CHIEF FINANCIAL OFFICER



STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2020

	Note	June 30, 2020 Rupees	June 30, 2019 Rupees
PROFIT AFTER TAXATION FOR THE YEAR		27,633,547	81,997,158
OTHER COMPREHENSIVE INCOME / (LOSS) FOR THE YEAR		-	-
Items that may be reclassified subsequently to profit or (loss)		-	-
Items that will not be reclassified subsequently to profit or (loss)			
- Remeasurement of post employment benefit obligation	8.1.6	(2,787,874)	5,345,702
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		24,845,673	87,342,860

The annexed notes 1 to 48 form an integral part of these financial statements.


MIAN ASAD HAMEED
CHIEF EXECUTIVE


SAEED IQBAL KHAN
DIRECTOR


MUHAMMAD ATIF RAO
CHIEF FINANCIAL OFFICER



STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2020

	Share Capital Rupees	Share Premium Account	Un-appropriated Profit Rupees	Total Rupees
Balance as at June 30, 2018	215,668,420	-	741,695,967	957,364,387
Comprehensive Income for the year				
Profit after taxation	-	-	81,997,158	81,997,158
Other Comprehensive Income	-	-	5,345,702	5,345,702
Total comprehensive income for the year ended June 30, 2019	-	-	87,342,860	87,342,860
Balance as at June 30, 2019	215,668,420	-	829,038,827	1,044,707,247
Balance as at June 30, 2019	215,668,420	-	829,038,827	1,044,707,247
Transaction with owner, recognize directly in equity				
Issuance of Right Shares	142,000,000	568,000,000	-	710,000,000
Right Shares Issuance Expenses	-	(10,593,808)	-	(10,593,808)
Total Transaction with owner, recognized directly in equity	142,000,000	557,406,192	-	699,406,192
Comprehensive Income for the period				
Profit after taxation	-	-	27,633,547	27,633,547
Other Comprehensive Income / (Loss)	-	-	(2,787,874)	(2,787,874)
Total comprehensive income for the year ended June 30, 2020	-	-	24,845,673	24,845,673
Balance as at June 30, 2020	357,668,420	557,406,192	853,884,500	1,768,959,112

The annexed notes 1 to 48 form an integral part of these financial statements.


MIAN ASAD HAMEED
CHIEF EXECUTIVE


SAEED IQBAL KHAN
DIRECTOR


MUHAMMAD ATIF RAO
CHIEF FINANCIAL OFFICER



STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2020

	Note	June 30, 2020 Rupees	June 30, 2019 Rupees
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from operations	35	6,211,752	142,592,435
Finance cost paid		(39,683,414)	(11,446,943)
Income tax paid/deducted at source		(57,373,495)	(47,774,133)
Employees retirement benefit - Gratuity Paid		(2,876,090)	(3,745,443)
Workers Profit Participation Fund Paid		(6,080,459)	(24,793,863)
Net cash (used in) / generated from operating activities		(99,801,706)	54,832,053
CASH FLOW FROM INVESTING ACTIVITIES			
Property, Plant and Equipment Purchased		(342,567,018)	(310,314,270)
Increase in long term security deposits		(193,000)	(321,150)
Proceeds from sale of Property, Plant and Equipment		7,020,000	2,500,000
Net cash used in investing activities		(335,740,018)	(308,135,420)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceed from Right Share issuance		710,000,000	-
Payment of Right Share issuance Expenses		(10,593,808)	-
Proceeds from long term financing		162,144,850	224,071,555
Proceeds from short term borrowings		2,240,603,700	1,654,161,655
Repayment of short term borrowings		(2,240,603,699)	(1,654,161,654)
Profit on bank deposits		16,894,817	-
Dividend Paid		(52,442)	(125,631)
Net cash generated from financing activities		878,393,418	223,945,925
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		442,851,694	(29,357,442)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		5,967,361	35,324,803
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	36	448,819,055	5,967,361

The annexed notes 1 to 48 form an integral part of these financial statements.


MIAN ASAD HAMEED
CHIEF EXECUTIVE


SAEED IQBAL KHAN
DIRECTOR


MUHAMMAD ATIF RAO
CHIEF FINANCIAL OFFICER



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

1 LEGAL STATUS AND NATURE OF BUSINESS

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

2 BASIS OF PREPARATION

2.1 Statement of Compliance

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

2.2 Basis of Measurement

These financial statements have been prepared under the historical cost convention except for the recognition of employees retirement benefits at present value.

2.3 Functional and Presentation Currency

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

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

Certain standards, amendments and interpretations of approved accounting standards are effective for accounting periods beginning on July 01, 2019 but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in these financial statements, except for the following:

2.4.1 The company has adopted IFRS-16 "Leases" which is effective for accounting period beginning on or after July 01, 2019 as notified by the SECP, which replaces existing guidance on accounting for leases, including IAS 17 'Leases', IFRIC 4 'Determining whether an arrangement contains a Lease', SIC-15 'Operating Leases- Incentive' and SIC-27 'Evaluating the substance of transactions involving the legal form of a Lease'. IFRS 16 introduces a single, on statement of financial position, lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right-of-use of the underlying asset and a lease liability representing its obligations to make lease payments. Lessor accounting remains similar to the previous standard i.e. lessors continue to classify leases as finance or operating leases. The Company has assessed that the application of this standard does not have any material financial impact on the financial statements of the Company.

2.4.2 The company has adopted IFRIC 23, "Uncertainty over income tax treatments" which clarifies how the recognition and measurement requirements of IAS 12 'Income taxes', are applied where there is uncertainty over income tax treatments. IFRIC 23 explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

An uncertain tax treatment is any tax treatment applied by an entity where there is uncertainty over whether that treatment will be accepted by the tax authority. For example, a decision to claim a deduction for a specific expense or not to include a specific item of income in a tax return is an uncertain tax treatment if its acceptability is uncertain under tax law. IFRIC 23 applies to all aspects of income tax accounting where there is an uncertainty regarding the treatment of an item, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates. While there are no new disclosure requirements, entities are reminded of the general requirement to provide information about judgements and estimates made in preparing the financial statements. The Company is already in compliance with the requirements of this IFRIC.

The adoption of the above standards, amendments and interpretations have no impact on the Company's financial statements, except for increased disclosures in certain cases.

2.5 New accounting standards, IFRIC interpretations and amendments to the published approved accounting standards that are not effective in current year and have not been early adopted by the Company:

The following standards, amendments to the approved accounting standards and interpretations that are mandatory for the companies having accounting periods beginning on or after July 01, 2020 but are considered not to be relevant or to have any significant effect on the Company's operations:

Standards or Interpretation		Effective date
IAS 1	Presentation of Financial Statements-Definition of Material	January 01, 2021
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors-Definition of Material	January 01, 2021
IAS 16	Property, Plant and Equipment — Proceeds before Intended Use	January 01, 2021

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

There are certain other new and amended standards, interpretations and amendments that are mandatory for the Company's accounting periods beginning on or after July 1, 2020 but are considered not to be relevant or will not have any significant effect on the Company's operations and are, therefore, not detailed in these financial statements.

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 The Significant accounting policies adopted in the preparation of these financial statements are set out below and have been consistently applied to all the years presented.

Employee benefits

Defined benefit plan

Defined benefit plan is a post-employment benefit plan other than the defined contribution plan.

The Company operates an unfunded gratuity scheme for all its permanent employees. The provision is made on the basis of actuarial valuation by using the projected unit credit method. In calculating the Company's obligation in respect of a plan, any actuarial gains and losses are recognized immediately in the statement of comprehensive income.

3.2 Compensated Absences

The Company accounts for compensated absences of its employees on un-availed balance of leave in the period in which the leave is earned.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

3.3 Property, Plant and Equipment-Owned

Operating fixed assets except freehold land and capital work in progress are stated at cost less accumulated depreciation and impairment losses, if any. Land and capital work in progress are stated at cost. Cost in relation to self manufactured assets includes direct cost of materials, labour and applicable manufacturing overheads. Cost of tangible fixed assets consists of historical cost, borrowing cost pertaining to the construction/erection period and directly attributable cost of bringing the assets to working condition.

Depreciation on all property, plant and equipment except freehold land is charged by applying the reducing balance method in accordance with the rates specified in note no. 15.1 of these financial statements, whereby the cost of an asset is written off over its estimated useful life. Depreciation on additions is charged from the month in which the asset is available for use while no depreciation is charged in the month in which the asset is disposed off.

The assets' residual values and useful lives are reviewed at each financial year end, and adjusted if impact on depreciation is significant.

Normal maintenance and repairs are charged to statement of profit or loss as and when incurred. Major renewals and replacements are capitalized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Disposal of an asset is recognized when significant risks and rewards, incidental to the ownership of the assets have been transferred to the buyer. Gain or Loss on disposal of Property, Plant and Equipment is determined by comparing the carrying amount of the assets with the realized sale proceeds and is recognized in the current year's statement of profit or Loss.

3.4 Impairment of fixed assets

The company assesses at each statements of financial position date whether there is any indication that a fixed asset may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying value exceeds recoverable amount, assets are written down to the recoverable amount.

3.5 Intangible Assets

The Intangible Assets are stated at cost less accumulated amortization and identified impairment loss, if any. The cost of intangible assets is amortized over a period of five (5) years using the straight line method.

Amortization on additions to the intangible assets is charged from the month in which an asset is capitalized and / or is available for use, while no amortization is charged for the month in which the asset is disposed off. The amortization expense is charged to the statement of profit or Loss.

International Accounting Standard (IAS) 38 "Intangible Assets" requires review of amortization period and the amortization method at least at each financial year end. Accordingly the management assesses at each statement of financial position date the assets' residual values and useful lives in addition to considering any indication of impairment, and adjustments are made if impact on amortization is significant.

3.6 Loan, advances and prepayments

These are recognized at cost, which is fair value of the consideration given. However, an assessment is made at each statement of financial position date to determine whether there is an indication that assets may be impaired. If such indication exists, the estimated recoverable amount of that asset is determined and any impairment loss is recognized for the difference between the recoverable amount.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

3.7 Leases

From July 01, 2019, The Company as a lessee, at inception of a contract, assesses whether a contract is, or contains, a lease, based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Right-of-use assets are measured at cost comprising of the amount of the initial measurement of lease liability, any lease payments made at or before the commencement date less any lease incentives received, any initial direct costs and restoration costs. The right-of-use asset is depreciated in line with normal depreciation policy adopted for assets owned by the Company. The security deposits are made part of the cost of right of use assets and treated as residual value of the asset. The right-of-use asset is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

Lease liabilities include the net present value of the lease payments comprising of fixed payments (including in-substance fixed payments), less any lease incentives receivable, variable lease payment that are based on an index or a rate, amounts expected to be payable by the lessee under residual value guarantees, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease liability is subsequently measured at amortised cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in fixed lease payments or an index or rate, change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. The corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in the statement of profit or loss if the carrying amount of right-of-use asset has been reduced to zero.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

The company has elected not to recognise right of use assets and lease liabilities for short term leases of properties that have a lease term of 12 months or less and leases of low-value assets. The company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

3.8 Taxation

Current and Prior Year

Provision for current year's taxation is determined in accordance with the prevailing law of taxation on income enacted by the statement of financial position date and is based on current rates of taxation being applied on the taxable income for the year, after taking into account, tax credits and rebates available, if any and taxes paid under the Final tax regime. The tax charge also includes adjustments, where necessary, relating to prior years which arise from assessments finalized during the year.

Deferred

Deferred tax is accounted for using the statement of financial position liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable income. Deferred tax is calculated by using the tax rates enacted at the statement of financial position date.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

A deferred tax asset is recognized only to the extent that it is probable that future taxable profit will be available and the credits can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax is charged or credited in the statement of profit or loss, except in case where the item to which the deferred tax asset or liability pertains, is recorded in comprehensive income or equity, the corresponding deferred tax charge is also recognized in other comprehensive income or equity.

3.9 Trade debts and other receivables

These are recognized and carried at the original invoice amounts, being the fair value, less an allowance for uncollectible amounts, if any. The Company applies the IFRS 9 simplified approach to measure the expected credit losses (ECL) which uses a lifetime expected loss allowance for trade debts.

3.10 Store, spares and loose tools

These are valued at weighted average cost except items in transit which are valued at cost comprising invoice value and other charges paid thereon.

The company reviews the carrying amount of stores, spares and loose tools on a regular basis and provision is made for obsolescence if there is any change in usage pattern and physical form. Impairment, if any, is also made for slow moving items identified as surplus to the requirements or future usability of the company.

3.11 Stock-in-trade

Stock in trade is valued at the lower of weighted average cost and net realizable value. The average cost in relation to work in process and finished goods represents direct costs of raw materials, labour and appropriate portion of overheads. Net realizable value signifies the estimated selling price in the ordinary course of business less costs necessarily to be incurred in order to make the sale.

The company reviews the carrying amount of stock in trade on a regular quarterly basis and as appropriate, inventory is written down to its net realizable value or provision is made for obsolescence if there is any change in its usage pattern and physical form of related stock in trade. The provision of slow moving is determined based on the management's assessment regarding their future usability.

Cost of work in process and finished goods include direct material, labour and appropriate portion of manufacturing expenses.

3.12 Foreign currency translation

Transactions in foreign currencies are translated into Pak rupees using the exchange rate prevailing at the dates of transactions. Monetary assets and liabilities denominated in foreign currencies are translated into Pak rupees at the rates of exchange approximating those prevalent at the statement of financial position date. All exchange differences are charged to statement of profit or loss.

3.13 Revenue recognition

Revenue is recognized when or as performance obligations are satisfied by transferring control of a promised goods or service to a customer under contract.

3.14 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. All other borrowing costs are charged to statements of profit or loss in the period in which they are incurred.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

3.15 Segment reporting

Segment information is presented on the same basis as that used for internal reporting purposes by the Chief Operating Decision Maker, who is responsible for allocating resources and assessing performance of the operating segments. On the basis of its internal reporting structure, a reportable segment is identified where it becomes a distinguishable component that is engaged in providing an individual product or service or a group of related products or services within a particular economic environment and that is subject to risks and returns that are different from those of other segments. Expenses which cannot be directly allocated activity-wise, are apportioned on appropriate basis as required by Chief Operating Decision Maker.

3.16 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purpose of cash flow statement, cash and cash equivalent consists of cash in hand, balances with banks and short term borrowings facilities.

3.17 Trade and accrued liabilities

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for the goods and services received, whether billed or not to the Company.

3.18 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made.

Provisions are reviewed at each statement of financial position date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provisions are reversed.

3.19 Financial instruments

Financial assets and financial liabilities are recognized in the statement of financial position when the Company becomes a party to the contractual provisions of the instrument. All the financial assets are derecognized at the time when the Company loses control of the contractual rights that comprise the financial assets. All financial liabilities are derecognized at the time when they are extinguished that is, when the obligation specified in the contract is discharged, cancelled, or expires. Any gains or losses on derecognition of the financial assets and financial liabilities are taken to the statement of profit or loss.

3.19.1 Financial assets

The Company classifies its financial assets in the following measurement categories:

- a) Amortized cost where the effective interest rate method will apply;
- b) Fair value through statement of profit or loss;
- c) Fair value through statement of comprehensive income.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in the statement of profit or loss or statement of comprehensive income. The Company reclassifies debt investments when and only when its business model for managing those assets changes.

Recognition and derecognition

Regular purchases and sales of financial assets are recognized on trade-date, the date on which the Company commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

Measurement

At initial recognition, the Company measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. In the case of a financial asset at fair value through statement of profit or loss (FVTPL), the Transaction costs of financial assets carried at FVTPL are expensed in the statement of profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

(i) Amortized cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in statement of profit or loss and presented in other operating income/(expenses), together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

(ii) Fair value through statement of comprehensive income (FVTCL)

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVTCL. Movements in the carrying amount are taken through statement of comprehensive income, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in statement of profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in statement of comprehensive income is reclassified from equity to statement of profit or loss and recognized in other income/expenses. Interest income from these financial assets is included in other income using the effective interest rate method. Foreign exchange gains and losses are presented in other income/expenses and impairment expenses are presented as separate line item in the statement of profit or loss.

(iii) Fair value through statement of profit or loss (FVTPL)

Assets that do not meet the criteria for amortized cost or FVTCL are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognized in the statement of profit or loss and presented in operating gains/(losses) in the period in which it arises.

De-recognition of financial assets

Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

Impairment of financial assets

The Company assesses on a forward looking basis the Expected Credit Losses (ECL) associated with its debt instruments carried at amortized cost and FVTCL. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Following are financial instruments that are subject to the ECL model:

- Trade debts
- Loans, advances, deposits, prepayments and other receivables
- Cash and bank balances



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

For trade debts, the Company applies the simplified approach, which requires expected lifetime losses to be recognized from initial recognition of the receivables. The Company recognizes in statement of profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date.

Write-off

The Company write off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery.

3.19.2 Financial Liabilities

Classification, initial recognition and subsequent measurement

The Company classifies its financial liabilities in the following categories:

- At fair value through statement of profit or loss; and
- Other financial liabilities

The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value and, in the case of other financial liabilities, also include directly attributable transaction costs. The subsequent measurement of financial liabilities depends on their classification, as follows:

(i) Fair value through statement of profit or loss

Financial liabilities at fair value through statement of profit or loss include financial liabilities held-for-trading and financial liabilities designated upon initial recognition as being at fair value through statement of profit or loss. The Company has not designated any financial liability upon recognition as being at fair value through statement of profit or loss.

(ii) Amortized cost

After initial recognition, other financial liabilities which are interest bearing are subsequently measured at amortized cost, using the effective interest rate method. Gains and losses are recognized in the statement of profit or loss, when the liabilities are derecognized as well as through effective interest rate amortization process.

De-recognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender with substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statement of profit or loss.

3.19.3 Offsetting of financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount is reported in the statement of financial position if the Company has legally enforceable right to set off the recognized amount and intend either to settle on a net basis or to realize the asset and settle the liability simultaneously.

3.20 Research and Development

Expenditure on research activities, undertaken with the prospect of gaining new technical knowledge and understanding, is recognized in the statement of profit or loss as an expense as incurred.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

Expenditure on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalized if the product or process is technically and commercially feasible and the company has sufficient resources to complete development. The expenditure capitalized includes the cost of materials, direct labour, an appropriate proportion of overheads and other directly attributable expenditure. Other development expenditure is recognized in the statement of profit or loss as an expense as incurred.

Expenditure on development activities, capitalized during the year, are classified under "Intangible Assets".

3.21 Earning Per Share

The Company presents Earning Per Share (EPS) data for its ordinary shares, EPS is calculated by dividing the profit attributable to ordinary shareholders of the Company by the weighted average number of shares outstanding during the year.

3.22 Dividends

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

3.23 Warranty Expenses

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

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements in conformity with approved accounting standards. These standards require the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are as follows:

	Notes
a) Liability in respect of staff retirement benefits.	3.1
b) Useful life of depreciable Property, Plant and Equipment and amortizable Intangible assets.	3.3 & 3.5
c) Taxation	3.8
d) Stock in trade	3.11
e) Contingencies and Commitments	14

Estimates and judgments are continually evaluated and are based on historic experience and other factors including expectation of future events that are believed to be reasonable under the circumstances.

5 SHARE CAPITAL

5.1 AUTHORIZED SHARE CAPITAL

June 30, 2020 Number	June 30, 2019 Number		Note	June 30, 2020 Rupees	June 30, 2019 Rupees
50,000,000	50,000,000	Ordinary shares of Rupees 10 each		500,000,000	500,000,000

5.2 ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

21,363,000	7,163,000	Ordinary shares of Rupees 10 each fully paid in cash	5.2.1	213,630,000	71,630,000
14,403,842	14,403,842	Ordinary shares of Rupees 10 each allotted as bonus shares	5.2.2	144,038,420	144,038,420
35,766,842	21,566,842			357,668,420	215,668,420



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

5.2.1 During the year, the Company issued 14,200,000 right shares at Rs. 50 per share at a premium of Rs. 40 per share amounting to total Rs. 710.00 million. These funds will be utilized to complete the project in time by procurement of plant & machinery, repayment of some portion of loan and to finance the working capital partially of four wheeler project.

5.2.2 No bonus shares issued by the company during the year.

5.3 CAPITAL RESERVE

Premium on issuance of Right Shares
Less: Expenses of Right Share Issuance

Note

June 30, 2020	June 30, 2019
Rupees	Rupees
5.3.1 568,000,000	-
(10,593,808)	-
557,406,192	-

5.3.1 This amount represents the amount of premium received on the Right shares issued during the year.

6 LONG TERM FINANCING

DIMINISHING MUSHARAKAH - Islamic banking

MCB Islamic Bank Limited.
Meezan Bank Limited
Habib Bank Limited

6.1
6.2
6.3

64,109,989	31,700,000
212,477,505	192,371,555
39,458,309	-
316,045,803	224,071,555
66,637,943	22,401,560
249,407,861	201,669,995

Less: Amount due within twelve months, shown under current portion of long term liabilities

13

NOTE	FINANCIAL INSTITUTIONS NAME / FACILITY TYPE	FOR THE YEAR ENDED JUNE 30,	TOTAL FACILITY	UTILIZED FACILITY	UN-UTILIZED FACILITY	PURPOSE OF FACILITY	RATE OF PROFIT	NUMBER OF INSTALLMENT	REPAYMENT COMMENCEMENT DATE	DATE OF MATURITY	TENURE	SECURITY
			IN MILLION									
6.1	MCB Islamic Bank Limited - Diminishing Musharakah "For 2019, Rs. 35.71 M and for 2020 Rs. 275.00 M is sublimit of note 10.2.7"	2020	30.00	30.00	-	For the acquisition of four wheeler & Plant Machinery.	KIBOR PLUS 1.35% with floor of 12.00% and Cap of 20.00%	Quarterly Installments	April 2020	January 2025	Six years including One Year grace period	-Pari passu charge over fixed assets of Rs. 90.00 Million. -Personal guarantees of some of the directors.
			1.70	1.70	-	For the acquisition of four wheeler & Plant Machinery.	KIBOR PLUS 1.35% with floor of 12.00% and Cap of 20.00%	Quarterly Installments	Three Months after the date of trial production	October 2024	Six years including One Year grace period	
			35.71	33.99	1.72	For the acquisition of four wheeler & Plant & Machinery.	1.75% with floor of 12.00% and Cap of 20.00%	Quarterly Installments	Three Months after the date of trial production	September 2025	Six years including One Year grace period	
		2020 - Total	67.41	65.69	1.72							
		2019	275.00	33.74	241.26	For the acquisition of four wheeler & Plant Machinery.	KIBOR PLUS 1.35% with floor of 7.00% and Cap of 18.00%	Quarterly Installments	December 2019	August 2025	Six years including One Year grace period	-Pari passu charge over fixed assets of Rs. 367.00 Million.

6.1.1 During the year, MCB Islamic Bank Limited has reduced the Diminishing Musharakah facility of the Company from Rs. 275.00 Million to 67.41 Million.

6.2	Meezan Bank Limited - Diminishing Musharakah	2020	370.00	212.48	157.52	For the acquisition of four wheeler & Plant Machinery.	KIBOR PLUS 1.75% with floor of 8.00% and Cap of 22.00%	Quarterly Installments	August 2020	May 2025	Six years including One Year and 7 months grace period	-Pari passu charge over fixed assets of Rs. 493.33 million. -Personal guarantees of some of the directors.
		2019	370.00	192.37	177.63	For the acquisition of four wheeler & Plant Machinery.	KIBOR PLUS 1.75% with floor of 7.00% and Cap of 15.00%	Quarterly Installments	December 2019	May 2025	Six years including One Year grace period	

The State Bank of Pakistan announced the loan deferment policy in March - 2020, accordingly, the Company applied to Meezan Bank Limited to avail the benefit of the policy in form of deferment of principal amount of Diminishing Musharakah. Subsequent to the statement of financial position date, the bank has approved one year grace period by deferring the repayment of principle amount of Diminishing Musharakah. After the effect of deferment, the first installment of Diminishing Musharakah will be due as on August - 2021 and last date of maturity will be May-2026. The Company will not pay any amount from the current portion of Diminishing Musharakah during the financial year ended June 30, 2021. However, The Company has not revised its current portion of long term liabilities in these financial statements to comply with the International Financial Reporting Standards.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

NOTE	FINANCIAL INSTITUTIONS NAME / FACILITY TYPE	FOR THE YEAR ENDED JUNE 30,	TOTAL FACILITY	UTILIZED FACILITY	UN-UTILIZED FACILITY	PURPOSE OF FACILITY	RATE OF PROFIT	NUMBER OF INSTALLMENT	REPAYMENT COMMENCEMENT DATE	DATE OF MATURITY	TENURE	SECURITY
			IN MILLION									
6.3	Habib Bank Limited - Diminishing Musharakah (Sub-Limit of Note No.10.4)	2020	70.26	44.63	25.63	For the payment of wages and salaries for the month April-2020 to June-2020	Fixed at the rate 3.00%	Quarterly Installments	January 2021	October 2022	6 Months	-Pari passu charge over fixed assets of Rs. 214.00 million. -Pari passu charge over current assets of Rs. 160.00 million. -Personal guarantees of some of the directors.
		2019	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	

6.3.1 The Company has availed the refinance facility for the payment of wages & salaries of company's employees for the months April-June 2020 during the year and for the months July-September 2020 subsequent to the date of these financial statements.

7 LEASE LIABILITIES

Present value of minimum lease payments
Less: Current portion shown under current liabilities

Note	June 30, 2020 Rupees	June 30, 2019 Rupees
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13	72,800,000	-
	65,000,000	-
	7,800,000	-

The amount of future payments and the periods in which these payments will become due are as under:

Due not later than one year:

Minimum lease payments
Less: Future finance charges
Present value

69,030,272	-
4,030,272	-
65,000,000	-

Due later than one year and not later than five years:

Minimum lease payments
Less: Future finance charges
Present value

8,229,064	-
429,064	-
7,800,000	-
72,800,000	-

7.1 The Company entered into Ijarah arrangement of Rs.93.75 million with ORIX Modaraba for lease of Car Welding Line. The lease term of these arrangements is three years (2019: Nil). The minimum lease payments have been discounted using the effective interest rates implicit in leases 11.98% per annum (June 30, 2019: Nil) to arrive at the present value. Rentals are payable in monthly installments. Repairs and maintenance costs are to be borne by the lessee. The liability is secured by deposit of Rs. 18.75 million (June 30, 2019: Nil) pari passu charge of Rs.100.00 M over fixed assets of the Company and personal guarantees of some directors of the Company.

8 DEFERRED LIABILITIES

Employee benefits obligation
Deferred tax Liability

8.1	202,107,551	159,833,484
8.2	-	9,133,675
	202,107,551	168,967,159

Deferred tax Asset

8.2	21,670,008	-
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8.1 Employee benefits obligation

8.1.1 Movement in the present value of defined benefit obligations

Present value of defined benefit obligations 1st July
Current Service Cost
Interest cost on defined benefit obligation
Benefits due but not paid (payables)
Benefits paid
Actuarial (gain) / losses from changes in financial assumptions
Experience Adjustments

159,833,484	139,269,648
19,790,933	17,289,258
22,571,350	12,365,723
-	(219,902)
(2,876,090)	(3,525,541)
(2,637,193)	(8,795,143)
5,425,067	3,449,441
202,107,551	159,833,484



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

	Note	June 30, 2020 Rupees	June 30, 2019 Rupees				
8.1.2 Movement in the net liability recognized in the statement of financial position							
Net liability as at 1st July		159,833,484	139,269,648				
Expense recognized in the statement of profit or loss	8.1.3	42,362,283	29,654,981				
Liability discharged during the year		(2,876,090)	(3,525,541)				
Benefit Payable transferred to Short Term Liability		-	(219,902)				
Re-measurement recognized in comprehensive income	8.1.6	2,787,874	(5,345,702)				
Net liability as at June 30		202,107,551	159,833,484				
8.1.3 Expense recognized in the statement of profit or loss							
Current service cost		19,790,933	17,289,258				
Interest cost		22,571,350	12,365,723				
		42,362,283	29,654,981				
8.1.4 Distribution of expense recognized in the statement of profit or loss							
The expense is recognized in the following line items in the statement of profit or loss under the head salaries, wages and other benefits.							
Cost of sales		32,755,921	22,915,205				
Administrative expenses		8,597,178	6,053,441				
Distribution cost		1,009,184	686,335				
		42,362,283	29,654,981				
8.1.5 Year end sensitivity analysis(± 100 Bps) on Defined Benefit Obligation							
		June 30, 2020	June 30, 2019				
Discount Rate + 100 bps		186,361,504	147,815,689				
Discount Rate - 100 bps		220,644,016	173,874,629				
Salary Increase + 100 Bps		220,972,618	174,236,447				
Salary Increase - 100 Bps		185,794,558	147,298,078				
8.1.6 Re-measurement recognized in Comprehensive Income							
Actuarial (gain) / losses from changes in financial assumptions		(2,637,193)	(8,795,143)				
Experiences adjustments		5,425,067	3,449,441				
Total re-measurement recognized in Comprehensive Income		2,787,874	(5,345,702)				
8.1.7 Expected Benefit Payments for the Next 10 Years and Beyond							
		Less than one Year	From 1 to 2 Year	From 2 to 5 Year Year	From 5 to 10 Year	More Than 10 Years	Total
		Rupees					
As At June 30, 2020							
Defined Benefit Obligations		37,993,905	26,445,521	96,703,370	74,954,615	1,506,575,734	1,742,673,145
8.1.8 The amount of expected expense of gratuity benefit in 2020-21 will be Rs. 38,812,792/- as per the actuary's report.							
8.1.9 The average duration of defined benefit obligation (unfunded) is 8 years (June 30, 2019, 8 Years).							
8.1.10 Principal actuarial assumptions							



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

		June 30, 2020 Rupees	June 30, 2019 Rupees
Discount rate for year end Obligation		8.50 % p.a.	14.25 % p.a.
Discount rate for interest cost in statement of profit or loss		14.25 % p.a.	9.00 % p.a.
Expected rate of future salary increase for the year 2021 (2020)		Nil % p.a.	5.00 % p.a.
Expected rate of future salary increase from 2022 onward		7.50 % p.a.	13.25 % p.a.
Next Salary is increased at		July 01, 2020	July 01, 2019
Mortality rates		SLIC 2001-2005	SLIC 2001-2005
Withdrawal Rates		Setback 1 Year	Setback 1 Year
Retirement assumption		Age-Based (per appendix)	Age-Based (per appendix)
		60 Years	60 Years
8.2 Deferred taxation			
Taxable temporary differences arising from:			
Accelerated depreciation for tax purposes		17,182,390	18,525,715
Right of use asset		21,750,000	-
Deductible temporary differences arising from:			
Minimum tax u/s 113 of Income Tax Ordinance, 2001		(39,737,408)	(9,392,040)
Liabilities under lease that are deducted for tax purposes only when paid		(20,864,990)	-
		(21,670,008)	9,133,675
8.2.1 Movement of deferred tax is as follows:			
Opening Balance - Deferred Tax Liability		9,133,675	20,332,909
Less: Deferred tax income during the year		(29,460,358)	(9,392,040)
Less: Transfer from deferred tax asset to taxation - net		(1,343,325)	(1,807,194)
Closing balance - Deferred Tax Asset		(21,670,008)	9,133,675
9 DEFERRED GRANT			
Opening Balance		-	-
Add: Received during the Year	9.1	5,190,029	-
Less: Amortized during the Year	32	(19,428)	-
Closing Balance		5,170,602	-
9.1	The amount represents the difference of loan proceed and fair value of the loan from Habib Bank Limited for payment of wages and salaries for the months of April to June-2020 under the discount profit scheme 3% fixed issued by the State bank of Pakistan.		
10 TRADE AND OTHER PAYABLES			
Creditors		334,232,870	393,155,423
Advances from trade customers - Contract Liability	10.1	3,387,015	14,826
Accrued & Other liabilities		52,213,974	38,998,350
Murabaha Payable: (Islamic banking)			
Meezan Bank Limited	10.3	-	45,884,998
Habib Bank Limited	10.4	-	17,147,823
MCB Islamic Bank Limited	10.5	-	2,041,907
United Bank Limited	10.6	-	-
Allied Bank Limited	10.7	-	-
Sales tax payable		1,570,438	6,270,121
Income tax deducted at source		19,099,918	4,151,262
Payable towards:			
Workers' Profit Participation Fund	10.8	2,233,024	6,080,459
Workers' Welfare Fund	10.9	832,730	2,235,910
		413,569,969	515,981,079



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

10.1 These represent advance received from customers in respect of sale of vehicles and parts. All the opening balance of advance has been recognized as revenue during the year.

NOTE	FINANCIAL INSTITUTIONS NAME / FACILITY TYPE	FOR THE YEAR ENDED JUNE 30,	TOTAL FACILITY	UTILIZED FACILITY	UN-UTILIZED FACILITY	SECURITY
IN MILLION						
10.2	Letter of Credit facilities					
10.2.1	Meezan Bank Limited	2020	500.00	40.25	459.75	Lien on import Documents and Personal guarantees of some of the directors.
		2019	500.00	53.80	446.20	
10.2.2	Habib Bank Limited - Islamic Banking	2020	160.00	75.31	84.69	Lien on import Documents and Personal guarantees of some of the directors.
		2019	160.00	54.77	105.23	
10.2.3	United Bank Limited - Ameen Islamic Banking	2020	200.00	28.54	171.46	Lien on import Documents and Personal guarantees of some of the directors.
		2019	200.00	-	200.00	
10.2.4	Allied Bank Limited	2020	225.00	-	225.00	Lien on import Documents and Personal guarantees of some of the directors.
		2019	225.00	-	225.00	
10.2.5	MCB Islamic Bank Limited	2020	-	-	0.0	Lien on import Documents and Personal guarantees of some of the directors.
		2019	100.00	7.36	92.64	

Letter of Credit facilities - for Capital Expenditure

10.2.6	Meezan Bank Limited "Sublimit of note no. 6.2"	2020	5.20	-	5.20	Lien on import Documents and Personal guarantees of some of the directors.
		2019	53.20	-	53.20	
10.2.7	MCB Islamic Bank Limited	2020	35.71	35.71	-	Lien on import Documents and Personal guarantees of some of the directors.
		2019	275.00	35.71	239.29	

NOTE	FINANCIAL INSTITUTIONS NAME / FACILITY TYPE	FOR THE YEAR ENDED JUNE 30,	TOTAL FACILITY	UTILIZED FACILITY	UN-UTILIZED FACILITY	MAXIMUM PERIOD	RATE OF PROFIT	SECURITY
IN MILLION								
10.3	Meezan Bank Limited - Murabaha Arrangement	2020	200.00	-	200.00	180 Days	KIBOR PLUS 1.25%	-Pari passu charge over fixed assets of Rs. 268.00 million keeping 25% margin. -Pari passu charge over current assets of Rs. 200.00 million. -Personal guarantees of some of the directors.
		2019	200.00	45.89	154.11	180 Days	KIBOR PLUS 1.25%	
10.4	Habib Bank Limited - Islamic Banking - Murabaha Arrangement	2020	160.00	-	160.00	120 Days	KIBOR PLUS 1.10%	-Pari passu charge over fixed assets of Rs. 214.00 million. -Pari passu charge over current assets of Rs. 160.00 million. -Personal guarantees of some of the directors.
		2019	160.00	17.15	142.85	120 Days	KIBOR PLUS 1.10%	
10.5	MCB Islamic Bank Limited - Murabaha Arrangement "sublimit of Note no. 6.1 (June 30, 2019)"	2020	-	-	-	-	-	-
		2019	275.00	33.74	241.26	180 Days	KIBOR PLUS 1.15%	-Pari passu charge over fixed assets of Rs. 367.00 million with 25% margin. -Pari passu charge over current assets of Rs. 275.00 million. -Personal guarantees of some of the directors.
10.6	United Bank Limited - Ameen Islamic Banking Murabaha Arrangement (sublimit of Note no. 10.2.3)	2020	200.00	-	200.00	180 Days	KIBOR PLUS 1.10%	-Pari passu charge over fixed assets of Rs. 267.00 million with 25% margin. -Pari passu charge over current assets of Rs. 200.00 million. -Personal guarantees of some of the directors.
		2019	200.00	-	200.00	180 Days	KIBOR PLUS 1.10%	
10.7	Allied Bank Limited - Murabaha Arrangement (sublimit of Note no. 10.2.4)	2020	135.00	-	135.00	90 Days	KIBOR PLUS 1.10%	-Pari passu charge over fixed assets of Rs. 185.00 million. -Pari passu charge over current assets of Rs. 110.00 million. -Personal guarantees of some of the directors.
		2019	135.00	-	135.00	90 Days	KIBOR PLUS 1.10%	



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

	Note	June 30, 2020 Rupees	June 30, 2019 Rupees
10.8 Workers' Profit Participation Fund			
Balance at beginning of the year		6,080,459	24,793,863
Charged during the year	30	2,233,024	6,080,459
		8,313,483	30,874,322
Payment made during the year		(6,080,459)	(24,793,863)
		2,233,024	6,080,459
10.9 Workers' Welfare Fund			
Balance at beginning of the year		2,235,910	4,995,387
Charged during the year		832,730	2,235,910
Adjustment for prior years		119,530	(42,170)
Charged to Statement of Profit or Loss	30	952,260	2,193,740
		3,188,170	7,189,127
Payment made during the year		(2,355,440)	(4,953,217)
		832,730	2,235,910
11 PROFIT ACCRUED ON LOANS AND OTHER PAYABLES			
Lease Liabilities - secured		314,941	-
Short term borrowing - secured		1,796,739	1,386,227
Long term borrowing - secured		37,955,816	14,172,320
Profit on Murabaha Payable		5,865	136,661
		40,073,361	15,695,208
12 SHORT TERM BORROWINGS - SECURED			
Running Musharakah arrangements - Islamic Banking			
Habib Bank Limited	12.1	-	-
United Bank Limited	12.2	-	-
Meezan Bank Limited	12.3	-	-
Allied Bank Limited	12.4	-	-
Istisna arrangements - Islamic Banking			
Meezan Bank Limited	12.5	-	-

NOTE	FINANCIAL INSTITUTIONS NAME / FACILITY TYPE	FOR THE YEAR ENDED JUNE 30,	SUB-LIMIT OF NOTE NO.	TOTAL FACILITY	UTILIZED FACILITY	UN-UTILIZED FACILITY	RATE OF PROFIT	SECURITY
IN MILLION								
12.1	Habib Bank Limited - Islamic Banking - Running Musharakah Arrangements	2020	10.4	160.00	-	160.00	KIBOR PLUS 1.10%	-Pari passu charge over fixed assets of Rs. 214.00 million.
		2019	10.4	160.00	17.15	142.85	KIBOR PLUS 1.10%	-Pari passu charge over current assets of Rs. 160.00 million.
12.2	United Bank Limited - Ameen Islamic Banking - Running Musharakah Arrangements	2020	10.2.3	200.00	-	200.00	KIBOR PLUS 1.10%	-Pari passu charge over fixed assets of Rs. 267.00 million with 25% margin.
		2019	10.2.3	200.00	-	200.00	KIBOR PLUS 1.10%	-Pari passu charge over current assets of Rs. 200.00 million.
12.3	Meezan Bank Limited - Running Musharakah Arrangements	2020	10.3	60.00	-	60.00	KIBOR PLUS 1.25%	-Pari passu charge over fixed assets of Rs. 268.00 million keeping 25% margin.
		2019	10.3	60.00	-	60.00	KIBOR PLUS 1.25%	-Pari passu charge over current assets of Rs. 200.00 million.
12.4	Allied Bank Limited - Business Running Musharakah Arrangements	2020	10.7	45.00	-	45.00	KIBOR PLUS 1.10%	-Pari passu charge over fixed assets of Rs. 185.00 million.
		2019	10.7	45.00	-	45.00	KIBOR PLUS 1.10%	-Pari passu charge over current assets of Rs. 110.00 million.
12.5	Meezan Bank Limited - Istisna Arrangement	2020	10.3	40.00	-	40.00	KIBOR PLUS 1.25%	-Pari passu charge over fixed assets of Rs. 268.00 million keeping 25% margin.
		2019	10.3	40.00	-	40.00	KIBOR PLUS 1.25%	-Pari passu charge over current assets of Rs. 200.00 million.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

13 CURRENT PORTION OF LONG TERM LIABILITIES	Note	June 30, 2020	June 30, 2019
		Rupees	Rupees
Diminishing Musharakah - Islamic banking	6	66,637,943	22,401,560
Lease Liability - Islamic banking	7	65,000,000	-
		131,637,943	22,401,560

14 CONTINGENCIES AND COMMITMENTS

14.1 Contingencies

- 14.1.1** The Director General (HQ)/Adjudicating Officer of Punjab Employees Social Security Institution (PESSI) has passed an order against the company and sustained the demand created by Deputy Director (Admin) of Rs. 6,547,688/- as on June 12, 2019. The company filed an appeal against the said order before The Honorable Labour Court, Lahore and has been granted a stay order. The appeal is still pending. In the opinion of the legal advisor, favorable outcome of the appeal is expected, hence no provision is made in these financial statements.
- 14.1.2** The Honorable Lahore High Court, Lahore has decided the case in favor of PEESI against the appeal filed by the company with respect to the notification issued by the Government of Punjab (Labour & Human Resource Department) for enhancing the monthly wage ceiling from Rs. 18,000/- to 22,000/-. The estimated effect of this notification on financial statements of the company till reporting date is Rs. 1,069,096/-. The company challenged the order by filing an Intra Court Appeal (ICA) before the Honorable Lahore High Court, Lahore as on July 04, 2019, and has been granted a stay order. The appeal is still pending. In the opinion of the legal advisor, favorable outcome of the appeal is expected, hence no provision is made in these financial statements.
- 14.1.3** The Sindh Revenue Board (SRB) retrospectively restored sales tax on renting of immovable property services vide Sindh Sales Tax on Services (Amendment) Act, 2018, therefore Landlord of Company's Karachi office has claimed sales tax on rent services of Rs. 257,064/- for the tax year 2016, 2017 and 2018. The Company has challenged the law by filing a writ petition in Honorable Sindh High Court, Karachi and has been granted a stay order as on December 31, 2018. In the opinion of the lawyer, the outcome of the case is expected in favour of the company, hence no provision is made in these financial statements.
- 14.1.4** The Employees' Old-Age Benefits Institution issued a circular no. 01/2015-16 dated: March 01, 2016 for enhancing the monthly wage ceiling from Rs. 8,000/- to Rs. 13,000/- in different years retrospectively. Therefore, The Company has filed a writ petition with The Honorable Lahore High Court, Lahore (LHC) and has been granted a stay order as on April 27, 2016. The petition is still pending in LHC. The estimated effect of this notification on financial statements of the company till reporting date is Rs. 13,223,209/-. In the opinion of legal advisor, favorable outcome of the appeal is expected, hence no provision is made in these financial statements.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

- 14.1.5** ACIR initiated proceedings under section 122 (5A) of Income Tax Ordinance 2001 for tax year 2017 and created a tax demand of Rs. 11,385,589/- as on September 26, 2018. The company filed an appeal against this order with CIR (Appeals) and also file a writ petition in Honourable Lahore High Court, Lahore for obtaining a stay order against recovery of said amount. The Honourable Lahore high court, Lahore has granted a stay order against recovery of tax demand till the decision of CIR (Appeals). The proceedings of CIR (Appeals) are still pending. In the opinion of tax consultant, favorable outcome of the appeals is expected, hence no provision is made in these financial statements.
- 14.1.6** ACIR initiated proceedings under section 124/129/221 of Income Tax Ordinance 2001 for tax year 2008 and rejected the refund of Rs. 1,432,320/-. The company filed an appeal against this order with CIR (Appeals) as on June 30, 2016, proceeding is still pending. In the opinion of tax consultant, favorable outcome is expected, hence no provision is made in these financial statements.
- 14.1.7** ACIR initiated proceedings under section 3(1A) of Sales Tax act 1990 for tax period July-Sep 2015 and created sales tax demand of Rs. 9,392,789/- as on June 06, 2016 . The company filed an appeal against this order with CIR (A) and CIR (A) vacated the order of ACIR. However ACIR filed an appeal with ATIR, appeal is still pending. In the opinion of tax consultant, favorable outcome is expected, hence no provision is made in these financial statements.
- 14.1.8** The appeal filed by the company with ATIR against the order of CIR (Appeals) for tax demand of Rs. 545,930/- for tax year 2003 as on November 12, 2009 under section 122 (5A), proceeding is still pending. In the opinion of the tax consultant, favorable outcome of the appeal is expected, hence no provision is made in these financial statements.
- 14.1.9** DCIR initiated proceedings under section 122 (5A) for tax year 2009 and created a tax demand of Rs. 5,439,326/- as on March 31, 2015. The company filed an appeal against this order with CIR (Appeals) and got relief up to Rs.5,318,163/-. For remaining tax demand of Rs.121,899/-, company filed an appeal with ATIR. Further, the DCIR has also filed an appeal with ATIR against the Relief of Rs. 5,318,163/- given by the CIR (A). In the opinion of tax consultant, favorable outcomes of the appeals are expected, hence no provision is made in these financial statements.
- 14.1.10** DCIR initiated proceedings under section 122 (1)/122 (5A) for tax year 2013 and created a tax demand of Rs. 6,845,112/- as on January 31, 2013. The company filed appeals against the order with CIR (Appeals) and got relief of Rs. 4,365,419/-. For remaining tax demand of Rs.2,479,693/-, the company has filed an appeal with ATIR. The appeal is still pending. Further in 2017, the DCIR has also filed an appeal with the ATIR against the relief of Rs. 4,365,419/- given by CIR (A) for tax year 2013, which is also pending. In the opinion of tax consultant, favorable outcomes of the appeals are expected, hence no provision is made in these financial statements.
- 14.1.11** DCIR passed an order under section 11 (2) of Sales Tax Act, 1990 for the tax period from July-2011 to June-2012 and created a demand of Rs. 192,568,536/- as on May 30, 2018. The company filed an appeal against this order with CIR (Appeals). The CIR (Appeals) has remand back the case to DCIR with upheld amount of Rs.2,223,033/-. The Company intends to file an appeal with ATIR against the decision of CIR (Appeals) for the upheld amount and decision of remand back. In the opinion of the tax consultant, favorable outcome of the appeal is expected, hence no provision is made in these financial statements.
- 14.1.12** DCIR passed an order under section 11 (2) of Sales Tax Act, 1990 for the tax period from July-2013 to June-2014 and created a demand of Rs. 7,418,949/- as on September 28, 2017. The company filed an appeal against this order with CIR (Appeals) and has been granted a stay order. The proceedings are still pending and in the opinion of the tax consultant, favorable outcome of the appeal is expected, hence no provision is made in these financial statements.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

14.1.13 Additional Commissioner Inland Revenue (ACIR) initiated proceedings under section 122(5A) 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.

14.1.14 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.

14.1.15 The Company has filed Writ Petition in Lahore High Court, Lahore (LHC) against the illegal selection by the Commissioner Inland Revenue for the audit of sales tax affairs for tax year 2017 under section 25 of Sales Tax Act 1990. Which was rejected by the honourable Court. The Company filed an Inter Court Appeal (ICA) before honourable Lahore High Court, Lahore and honourable Court has granted an interim relief to the Company and restrained the Commissioner Inland Revenue to pass a final order till the decision of appeal as on January 21, 2020. The case is still pending. In the opinion of the lawyer, outcome of this case will be in favour of the company.

14.1.16 For the financial year ended June 30, 2018, the management did not make an announcement of dividend due to cash requirement for the setting up a project of manufacturing/assembly of passenger and off-road vehicles, which attracted the provisions of Section 5 (A) of Income Tax Ordinance 2001. The company has challenged the legality and constitutionality of section 5 (A) of Income Tax Ordinance 2001 by filing a Constitutional petition in the Lahore High Court, Lahore as on July 03, 2018, the said writ petition is pending before the Honourable Court. In the opinion of the lawyer, favorable outcome of the appeal is expected, hence provision of Rs.19.10 Million is not made in these financial statements.

14.1.17 A group of persons in rickshaw market Karachi was deposited a sum of Rs. 10.93 Million unilaterally in the Company's bank account for the purchase of auto rickshaw without any authorization from the Company. The company filed a suit in Honorable Sindh High Court, Karachi (SHC) against these persons as on September 24, 2019. Instead of appearing in the Honorable Sindh High Court, Karachi, they filed nine civil suits against the Company for the declaration, cancellation, recovery and damages amounting to Rs. 109.43 Million. The cases are still pending. In the opinion of the lawyer, these claims are frivolous and the outcome of these cases will be in favour of the company. Therefore, the Company has not made any provision for this amount in these financial statements.

14.2 Commitments

14.2.1 Commitments in respect of outstanding letters of credit for raw material amount to Rs. 102.73 Million (June 30, 2019: Rs. 134.26 Million).

14.2.2 Commitments in respect of capital expenditures amount to Rs. 117.17 Million (June 30, 2019: Rs. 146.52 Million).

14.2.3 Commitments for future minimum payments in respect of Ijarah arrangements are as follows:

	June 30, 2020 Rupees	June 30, 2019 Rupees
Not later than one year	69,030,272	-
Later than one year but not later than five years	8,229,064	-
Later than five years	-	-



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

15 PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets - Tangible
Capital work in progress

Note

June 30, 2020	June 30, 2019
Rupees	Rupees
15.1 335,796,920	348,588,354
15.3 982,535,886	649,491,034
1,318,332,806	998,079,388

15.1 OPERATING FIXED ASSETS - Tangible

2020										Rupees
Particulars	Cost			Rate %	Depreciation			Adjustment	As at 30-06-2020	W.D.V. as at 30-06-2020
	As at 01-07-2019	Additions/ (Deletions)	Transfer		As at 01-07-2019	For the Year				
Freehold land	195,551,940	-	-	-	-	-	-	-	-	195,551,940
Building and Civil Works on freehold land	88,273,401	-	-	5 to 10	59,126,314	2,840,253	-	-	61,966,567	26,306,834
Building and Civil Works on leasehold land	2,509,800	-	-	10	786,886	172,291	-	-	959,177	1,550,623
Plant and Machinery	218,870,317	4,183,340	-	10	144,536,406	7,617,725	-	-	152,154,131	70,899,526
Electric Fittings	9,189,359	-	-	10	6,209,815	297,954	-	-	6,507,769	2,681,590
Furniture and Fittings	2,996,463	620,804	-	10	1,688,418	139,011	-	-	1,827,429	1,789,838
Office Equipment	7,147,155	618,722	-	10	3,039,113	443,628	-	-	3,482,741	4,283,136
Electric Installations	5,231,950	916,300	-	10	2,101,599	321,362	-	-	2,422,961	3,725,289
Vehicles	76,059,961	3,183,000 (7,742,500)	-	20	39,753,440	7,395,926	-	(4,657,050)	42,492,317	29,008,144
Total 2020	605,830,345	9,522,166 (7,742,500)	-	-	257,241,991	19,728,150	-	(4,657,050)	271,813,091	335,796,920

2019										Rupees
Particulars	Cost			Rate %	Depreciation			Adjustment	As at 30-06-2019	W.D.V. as at 30-06-2019
	As at 01-07-2018	Additions/ (Deletions)	Transfer		As at 01-07-2018	For the Year				
Freehold land	195,551,940	-	-	-	-	-	-	-	-	195,551,940
Building and Civil Works on freehold land	88,273,401	-	-	5 to 10	55,974,833	3,151,481	-	-	59,126,314	29,147,087
Building and Civil Works on leasehold land	2,509,800	-	-	10	595,451	191,435	-	-	786,886	1,722,914
Plant and Machinery	216,194,790	2,675,527	-	10	136,464,681	8,071,725	-	-	144,536,406	74,333,911
Electric Fittings	9,189,359	-	-	10	5,878,755	331,060	-	-	6,209,815	2,979,544
Furniture and Fittings	2,311,633	684,830	-	10	1,552,061	136,357	-	-	1,688,418	1,308,045
Office Equipment	6,141,575	1,005,580	-	10	2,621,572	417,541	-	-	3,039,113	4,108,042
Electric Installations	3,300,450	1,931,500	-	10	1,867,026	234,573	-	-	2,101,599	3,130,351
Vehicles	63,904,961	16,336,000 (4,181,000)	-	20	35,579,155	7,382,160	-	(3,207,875)	39,753,440	36,306,521
Total 2019	587,377,908	22,633,437 (4,181,000)	-	-	240,533,534	19,916,331	-	(3,207,875)	257,241,991	348,588,354

15.2 Depreciation for the year has been allocated as follows:

Cost of sales
Distribution cost
Administrative expenses

Note

June 30, 2020	June 30, 2019
Rupees	Rupees
27 10,996,596	11,867,169
28 3,844,074	3,089,976
29 4,387,480	4,959,186
19,228,150	19,916,331



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

15.3 CAPITAL WORK-IN-PROGRESS

Tangible

Plant and machinery

Opening balance
Additions made during the year

Transferred to Plant & Machinery

Civil works

Opening balance
Additions made during the year

Transferred to operating fixed assets

Intangible

Opening balance
Additions made during the year

Transferred to Intangible Assets

Note	June 30, 2020 Rupees	June 30, 2019 Rupees
15.4	263,850,066	22,888,612
	288,506,873	240,961,454
	552,356,939	263,850,066
	-	-
	552,356,939	263,850,066
	385,299,717	338,580,335
	44,537,979	46,719,382
	429,837,696	385,299,717
	-	-
	429,837,696	385,299,717
	341,251	490,334
	-	-
	341,251	490,334
	-	149,083
	341,251	341,251
	982,535,886	649,491,034

15.4 This includes right of use asset of Rs. 93.75 Million (June 30, 2019: nil).

15.5 Particulars of Company's Immovable Fixed Assets:

SR No.	PARTICULARS	LOCATION	NATURE	AREA OF LAND (In Acres)
1	Manufacturing Facility of Three Wheeler, Appliances and Automotive Parts.	18 K.M Raiwind Road, Lahore.	OWNED	5.46
2	Four Wheeler Manufacturing Facility - Under Construction.	Mouza Bhai Kot, Near Tablighi Ijtama, Raiwind, Lahore.	OWNED	36.92
3	Warranty Center, Karachi.	B-66, State Avenue S.I.T.E, Karachi.	LEASED	0.36

15.6 The detail of property, plant and equipment disposed off is as follows:

Particulars	Cost	Net Book Value	Sale Price	Gain / (Loss)	Mode of Disposal	Particulars of Purchaser
Rupees						
Honda Civic	2,637,000	1,282,637	2,780,000	1,497,364	Negotiation	Mr. Shahbaz Ahmed Khan, H no. 937, Molana Shoukat Ali Road, Block -D, Lahore.
Honda Civic	2,468,500	655,191	1,700,000	1,044,809	Negotiation	Mrs. Shakeela Akhtar, H no. 105, Street No. 11, Block 16, Sargodha.
Honda Civic	2,637,000	1,147,622	2,540,000	1,392,378	Negotiation	Mr. Rana Anwar Zia, House no. 117-B, Phase -1, Ali View Garden Badian Road, Lahore.
June 30, 2020	7,742,500	3,085,450	7,020,000	3,934,551		
June 30, 2019	4,181,000	973,125	2,500,000	1,526,877		



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

16 INTANGIBLE ASSETS

Particulars	Cost			Amortization			(Rupees)
	As at 01-07-2019	Additions/ (deletion)	As at 30-06-2020	As at 01-07-2019	For the Year	As at 30-06-2020	Book Value as at 30-06-2020
Intangible Assets	4,357,922	-	4,357,922	4,249,362	31,616	4,280,978	76,944
Jun-20	4,357,922	-	4,357,922	4,249,362	31,616	4,280,978	76,944
Jun-19	4,208,839	149,083	4,357,922	4,198,264	51,098	4,249,362	108,560

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

16.2 The amortization cost is included in cost of sales.

Note	June 30, 2020	June 30, 2019
	Rupees	Rupees

17 LONG TERM LOANS AND ADVANCES - SECURED

Loans and advances - considered good, to:

Executives	8,528,925	7,853,925
Non-Executives	33,950,368	33,064,873
	42,479,293	40,918,798
Less: Amount due within twelve months, shown under current portion of loans and advances	22 14,989,140	16,023,545
	27,490,153	24,895,253

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

	Opening balance as at July 01, 2019	Disbursements / Transfer	Repayments / Transfer	Closing Balance as at June 30, 2020
Executives	7,853,925	1,500,000	825,000	8,528,925
Non-Executives	33,064,873	18,304,282	17,418,787	33,950,368
June 30, 2020	40,918,798	19,804,282	18,243,787	42,479,293
June 30, 2019	30,163,920	27,822,462	17,067,584	40,918,798

These loans and advances have been granted under staff loan and advances policy to facilitate the employees for purchase of house and meeting other household payments. These are secured against the gratuity payable to employees. These are interest free loans which are repayable within maximum fourteen years. The maximum amount of loan outstanding to executives at the end of any month during the year was Rs. 8,613,925 (2019: Rs. 8,448,925). Receivable from executives of the Company does not include any amount receivable from Directors or Chief Executive. The carrying values of these loans are neither past due nor impaired. The credit quality of these financial assets can be assessed with reference to no default in recent history.

18 LONG TERM DEPOSITS

Deposit with Pakistan Steel Mill	400,000	400,000
Utilities and others	3,112,855	2,919,855
	3,512,855	3,319,855

18.1 Long term deposits are given in the normal course of business and do not carry any interest or mark-up.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

	Note	June 30, 2020 Rupees	June 30, 2019 Rupees
19 STORES, SPARES AND LOOSE TOOLS			
Stores		4,826,567	2,614,622
Spares		420,217	351,994
Loose tools		35,148	25,913
		5,281,932	2,992,529
20 STOCK-IN-TRADE			
Raw materials and components		416,574,470	448,907,241
Work-in-process		30,553,475	28,239,219
Finished goods		222,905,224	178,368,962
Less:			
Provision for slow moving items	20.1	(9,922,842)	(9,667,692)
		660,110,327	645,847,730
20.1 Provision for slow moving items			
Balance at the beginning of the year		9,667,692	7,505,112
Charged during the year	27	255,150	2,162,580
Balance at the closing of the year		9,922,842	9,667,692
21 TRADE DEBTS - Unsecured	21.1	122,597,252	115,605,575
21.1 Classification:			
Considered Good		122,597,252	115,605,575
Considered Doubtful		9,641,805	9,641,805
Less: Provision for expected credit losses	21.2	(9,641,805)	(9,641,805)
		122,597,252	115,605,575
21.2 Provision for Expected Credit losses (ECL)			
Balance at the beginning of the year		9,641,805	9,647,305
Charged during the year		-	-
		9,641,805	9,647,305
Reversal during the year	21.2.1	-	(5,500)
Balance at the closing of the year		9,641,805	9,641,805
21.2.1 Amount recovered during the year.			
22 LOANS & ADVANCES			
Advances - considered good			
- Current portion of loans and advances	17	14,989,140	16,023,545
- To employees for incurring business expenses		76,097	3,961
- To suppliers-unsecured		1,036,684	192,499
		16,101,921	16,220,005
22.1 These amount given in the normal course of business and do not carry any interest or mark-up.			



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

		June 30, 2020 Rupees	June 30, 2019 Rupees
23 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS	Note		
Contract securities		400,000	400,000
Prepaid expenses		1,399,528	1,132,262
Letter of credit margin		19,877,112	19,935,002
Letter of credit in process		44,571,498	27,143,291
		66,248,138	48,610,555
23.1	These amount given in the normal course of business and do not carry any interest or mark-up.		
24 OTHER RECEIVABLES			
Advance income tax - net		118,345,962	107,271,671
Advance Sales tax		9,532,464	2,000,000
Others		2,050,373	-
		129,928,799	109,271,671
25 CASH AND BANK BALANCES			
Cash in hand		298,459	175,176
Balance with banks			
In current accounts - Conventional banking		7,852,046	2,992,544
In current accounts - Islamic banking		44,796,992	2,774,642
In saving accounts - Islamic banking	25.1	395,871,558	24,999
		448,819,055	5,967,361
25.1	This carry profit at the rates ranging from 3.65% to 8.00% (June 30, 2019: From .10% to .20%) per annum.		
26 SALES - NET			
Gross sales	26.1	3,567,680,810	4,211,272,674
Less: Sales tax		499,435,176	561,894,153
Sales returns		124,940,920	364,310,305
Commission		51,550,212	66,544,378
		675,926,308	992,748,836
		2,891,754,502	3,218,523,838
26.1	This includes Rs. 30.24 million (June 30, 2019: Rs. 11.05 million) on account of export sales.		



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

	Note	June 30, 2020 Rupees	June 30, 2019 Rupees
27 COST OF SALES			
Raw materials and components consumed		2,117,655,984	2,451,348,991
Salaries, wages and other benefits	27.1	325,067,632	275,782,776
Stores, spares and loose tools consumed		38,219,049	41,485,641
Power and fuel charges		64,317,268	62,729,654
Repair and maintenance		52,527,631	56,004,913
Other expenses		12,339,607	10,714,001
Provision for slow moving items	20.1	255,150	2,162,580
Depreciation	15.2	10,996,596	11,867,169
Amortization	16	31,616	51,098
		2,621,410,533	2,912,146,823
Opening work-in-process		28,239,219	11,921,639
		2,649,649,752	2,924,068,462
Closing work-in-process		30,553,475	28,239,219
Cost of goods manufactured		2,619,096,277	2,895,829,243
Opening finished goods		178,368,962	137,357,026
		2,797,465,239	3,033,186,269
Cost of finished goods purchased during the year		24,180,346	32,984,200
		2,821,645,585	3,066,170,469
Closing finished goods		222,905,224	178,368,962
		2,598,740,361	2,887,801,507

27.1 Salaries, wages and other benefits include Rs.32,755,921 (June 30, 2019: Rs. 22,915,205) in respect of retirement benefits.

28 DISTRIBUTION COST

Salaries and other benefits	28.1	29,418,148	26,761,665
Freight and octroi		41,283,980	49,042,133
Traveling & conveyance		4,585,024	4,342,779
Packing material consumed		3,577,974	3,259,403
Advertisement and sale promotion		7,790,144	1,684,001
Insurance		575,758	404,026
Rent Expenses	28.2	4,032,591	3,626,289
After sales service		1,166,618	950,299
Printing & Stationery		103,978	304,532
Depreciation	15.2	3,844,074	3,089,976
		96,378,289	93,465,103

28.1 Salaries and other benefits include Rs. 1,009,184 (June 30,2019: Rs. 686,335) in respect of retirement benefits.

28.2 This represents short term lease rentals.

29 ADMINISTRATIVE EXPENSES

Salaries and other benefits	29.1	67,835,242	62,064,242
Electricity, gas and water charges		393,615	361,966
Communication expenses		4,804,787	5,393,274
Vehicle running expenses		4,522,378	4,331,463
Legal and professional		3,621,297	3,244,708
Traveling and conveyance		2,318,571	1,916,354
Fee and subscription		3,267,144	4,123,095
Insurance		402,111	365,849
Rent, rates and taxes	29.2	1,167,388	1,142,122
Printing and stationery		2,798,475	2,107,019
Entertainment		2,422,148	1,642,276
Office supplies		363,758	266,006
Miscellaneous expenses		2,128,507	1,396,374
Depreciation	15.2	4,387,480	4,959,186
		100,432,901	93,313,934

29.1 Salaries and other benefits include Rs. 8,597,178 (June 30, 2019: Rs. 6,053,441) in respect of retirement benefits.

29.2 This includes short term lease rentals.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

		June 30, 2020 Rupees	June 30, 2019 Rupees
30 OTHER OPERATING EXPENSES			
Tax Consultancy Services		2,160,000	2,236,500
Auditors' remuneration	30.1	991,500	951,500
Contribution towards:			
Workers' profit participation fund	10.8	2,233,024	6,080,459
Workers' welfare fund	10.9	952,260	2,193,740
		6,336,784	11,462,199
30.1 Auditors remuneration			
H.Y.K & Co.			
Statutory audit		760,000	715,000
Half yearly review		171,500	171,500
Workers' Profit Participation Fund audit		20,000	20,000
Certificate fee		40,000	45,000
		991,500	951,500
31 OTHER INCOME			
Income from financial assets			
Profit from Islamic banking deposits		9,094,817	-
Exchange Gain		230,104	157,889
Income from non Financial Assets			
Gain on sale of fixed asset		3,934,550	1,526,877
Reversal of provision for doubtful Debts		-	5,500
Miscellaneous Income		1,709,557	1,965,942
		14,969,028	3,656,208
32 FINANCE COST			
Profit on:			
Long term finances - Islamic banking		36,514,169	14,172,320
Short term borrowings - secured - Islamic Banking		13,118,548	5,002,372
Profit on Murabaha - Islamic Banking		10,906,000	3,112,698
Less: Amortization of Deferred Grant	9	(19,428)	-
Interest on Workers' Profit Participation Fund		701,576	1,490,471
Financial charges on lease - Islamic Banking		1,801,459	-
Bank charges and others		1,039,243	514,929
		64,061,567	24,292,790



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

		June 30, 2020 Rupees	June 30, 2019 Rupees
33 TAXATION	Note		
Current			
For the Year	33.1	44,143,284	40,997,011
Prior Year	33.2	(199,520)	49,579
Deferred			
For the Year	33.4	(30,803,683)	(11,199,235)
		13,140,081	29,847,355

33.1 The Company computes tax expense based on the generally accepted interpretation of the tax laws to ensure that the sufficient provision for the purpose of taxation is available. Provision for the current year has been made on the basis of Minimum tax charge under section 113 and final tax regime under Income Tax Ordinance, 2001. The management is confident that sufficient future taxable profits would be available against which minimum tax can be utilized.

33.2 This amount relates to adjustment of provision for taxation of previous year.

33.3 The income tax assessments of the company have been finalized up to tax year 2019, except as mentioned in note 14.1. The Provision for taxation is considered adequate to discharge the expected liability for current year.

33.4 Tax charge reconciliation

Profit before taxation	40,773,628	111,844,513
Tax charge on accounting profit at applicable tax rate 29% (29%: 2019) as per Income Tax Ordinance, 2001	11,824,352	32,434,909
Tax effect of amounts that are:		
- allowable deductions for tax purposes	2,917,492	163,572
Tax effect of profit attributable to presumptive income	(1,336,376)	(2,621,162)
Effect of presumptive tax	317,803	100,239
Tax effect due to reversal of prior year's WWF	34,664	(12,229)
Tax Credit for Investment u/s 65B	(418,334)	(267,553)
Adjustment of prior year taxation	(199,520)	49,579
Taxation for the year	13,140,081	29,847,355

34 EARNINGS PER SHARE - BASIC AND DILUTED

Basic earnings per share

Profit after taxation for the year	Rupees	27,633,547	81,997,158
Weighted average number of ordinary shares outstanding during the year	Number	28,933,340	26,984,350
Basic earnings per share - Rupees	Rupees	0.96	3.04

34.1 During the year, the company issued 14,200,000 right shares therefore the earning per share for the year ended June 30, 2019 has been restated.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

34.2 Diluted earnings per share

A diluted earnings per share has not been presented as the Company does not have any convertible instruments in issue as at June 30, 2020 and June 30, 2019 which would have any effect on earning per share if the option to convert is exercised.

35 CASH GENERATED FROM OPERATIONS

	Note	June 30, 2020 Rupees	June 30, 2019 Rupees
Profit before taxation		40,773,628	111,844,513
Adjustment for non cash charges and other items:			
Depreciation		19,228,150	19,916,331
Amortization		31,616	51,098
Provision of staff retirement gratuity		42,362,283	29,654,981
Finance cost		64,061,567	24,292,790
Other income		(14,969,028)	(3,656,208)
		110,714,588	70,258,992
Working capital changes	35.1	151,488,216	182,103,505
Increase in long term loans and advances		(142,681,564)	(32,736,785)
		(2,594,900)	(6,774,285)
Cash generated from operations		6,211,752	142,592,435

35.1 Working capital changes

(Increase)/decrease in current assets

Store, spares and loose tools	(2,289,403)	772,632
Stock-in-trade	(14,262,598)	(168,061,436)
Trade debts	(6,991,677)	(17,986,797)
Loans and advances	118,084	(2,823,555)
Trade deposits and short term prepayments	(17,637,583)	87,864,321
Other receivables	(2,050,373)	-

Increase in current liabilities

Trade and other payables	(99,568,014)	67,498,050
	(142,681,564)	(32,736,785)

36 CASH AND CASH EQUIVALENTS

Cash and cash equivalents include:

Cash and bank balances	25	448,819,055	5,967,361
Short term borrowings	12	-	-
		448,819,055	5,967,361

37 TRANSACTIONS WITH RELATED PARTIES

The related party comprises of non-executive directors and key management personnel and other executives. The detail of related party transactions is given below:

Non-Executive Director (s)

Meeting fee	1,080,000	815,000
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Key Management Personnel

Remuneration, Allowances and benefits	55,038,427	53,488,800
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Other Executives

Remuneration, Allowances and benefits	2,312,500	-
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

38 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amount charged in these financial statements for the year for remuneration, including certain benefits to the Chief Executive, Directors and Other Executives of the Company are as follows:

Particulars	(Rupees)									
	Chief Executive		Executive Directors		Non Executive Directors		Executives		Total	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Managerial Remuneration	23,738,710	22,800,000	15,704,032	15,000,000	-	-	66,002,826	46,558,800	105,445,568	84,358,800
Bonus & Leave encashment	550,000	1,425,000	368,750	937,500	-	-	2,975,085	2,597,425	3,893,835	4,959,925
Meeting Fee	-	-	-	-	1,080,000	815,000	-	-	1,080,000	815,000
Total	24,288,710	24,225,000	16,072,782	15,937,500	1,080,000	815,000	68,977,911	49,156,225	110,419,403	90,133,725
Number of persons	1	1	2	2	6	6	19	14	28	23

The Chief Executive, executive directors and some of the executives of the company are also provided with company maintained car for official and personal use.

39 SEGMENT REPORTING

Management monitors the operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment. Operating segments are reported in a manner consistent with internal reporting provided to the Chief Operating Decision Maker (CODM). Segment performance is generally evaluated based on certain key performance indicators including business volume and gross profit.

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

The management has determined the operating segments and segment wise assets and liabilities based on the reports reviewed by the CODM that are used to make strategic and business decisions.

i) AUTO-RICKSHAW

This segment relates to the sale of auto-rickshaw assembled by the company.

ii) AUTOMOTIVE PARTS

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

iii) HOUSEHOLD APPLIANCES

This segment relates to the sale of household appliances imported by the Company.

iv) AUTOMOBILES - FOUR WHEELER

This segment relates to the sale of four wheeler automobiles imported by the company.

	Auto rickshaw		Automotive parts		Household appliances		Automobiles - Four Wheeler		Total	
	2020 Rupees	2019 Rupees	2020 Rupees	2019 Rupees	2020 Rupees	2019 Rupees	2020 Rupees	2019 Rupees	2020 Rupees	2019 Rupees
Segment revenue-Net	2,404,965,336	2,697,040,522	476,004,929	500,196,485	4,408,169	9,380,848	6,376,068	11,905,983	2,891,754,502	3,218,523,838
Segment operating results	139,229,543	151,425,817	3,012,992	11,654,068	477,112	1,286,109	(49,668,195)	(23,610,701)	93,051,452	140,755,293
Segment assets	886,713,906	796,322,599	318,443,272	369,627,198	12,341,603	15,603,816	1,010,663,339	658,967,615	2,228,162,120	1,840,521,229
Unallocated assets	-	-	-	-	-	-	-	-	592,008,070	130,397,252
Total assets									2,820,170,190	1,970,918,481
Segment liabilities	532,983,023	593,428,782	58,487,368	77,561,300	-	-	3,536,773	3,536,773	595,007,164	674,526,855
Unallocated liabilities	-	-	-	-	-	-	-	-	456,203,914	251,684,380
Total liabilities									1,051,211,078	926,211,235
Capital expenditure	4,221,840	1,592,823	-	-	-	-	338,345,178	308,721,450	342,567,018	310,314,273
Depreciation and amortization	13,986,421	14,175,645	4,755,604	5,783,000	7,466	8,784	510,274	-	-	-
Non-cash charges other than depreciation and amortization	26,881,388	21,980,151	12,127,311	9,817,536	24,549	19,874	3,584,185	-	-	-



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

40 FINANCIAL INSTRUMENTS

40.1 Concentration of credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties failed completely to perform as contracted. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Note	June 30, 2020 Rupees	June 30, 2019 Rupees
FINANCIAL ASSETS			
Long term deposits	18	3,512,855	3,319,855
Trade debts - Considered Good	21	122,597,252	115,605,575
Loans and advances	17 & 22	43,592,074	41,115,258
Trade deposits	23	66,248,138	48,610,555
Cash and bank balances	25	448,819,055	5,967,361
		684,769,374	214,618,604

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

Pakistan	122,597,252	115,605,575
	122,597,252	115,605,575

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

Corporate customers	106,365,871	88,372,112
Distributor	-	-
Dealers & customers	12,337,501	20,579,314
Others	3,893,880	6,654,149
	122,597,252	115,605,575

The aging of trade debts at the reporting date was:

Not past due	65,436,112	58,259,806
Past Due 0-30 days	33,266,614	23,573,671
Past due 31-120 days	7,392,905	13,381,017
Past due more than 120 days	16,501,621	20,391,081
	122,597,252	115,605,575

The trade debts provision for ECL has been disclosed in note 21.2 of these financial statements.

40.2 Foreign exchange risk management

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

40.3 Capital Risk Management

The Company's objective when managing capital is to safe guard the company's ability to continue as a going concern so that it can provide returns for shareholders and benefits for other stakeholders; and to maintain a strong capital base to support the sustained development of its business. The company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the company may adjust the amount of dividend paid to shareholders or issue new shares. As at June 30, 2020 and 2019, the Company had surplus reserves to meet its requirements.

40.4 Fair value of financial instruments

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



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

The fair value hierarchy has the following levels:

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

The level in the fair value hierarchy within which the fair value measurement is categorized in its entirety shall be determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. Currently there are no financial assets or financial liabilities which are measured at their fair value in the statement of financial position.

40.5 Market Risk

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

40.5.1 Currency Risk

Currency risk is the risk that fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The company is exposed to currency risk on import of raw materials and finished goods being denominated in US dollars. The Company's exposure to foreign currency risk for US Dollars is on account of outstanding letter of credits of Rs. 219.98 million (June 30, 2019: Rs. 280.78 million).

40.5.2 Interest / profit rate Risk

Interest rate risk is the risk that fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest / profit rates. Financial liabilities include balance of Rs. 388.85 Million (June 30, 2019: Rs. 224.07 million) which is subject to interest / profit rate risk.

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through statement of profit or loss. Therefore a change in interest rates at the reporting date would not affect statement of profit or loss.

Cash Flow Sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date, with all other variables remaining constant, the net income for the year would have been lower or higher by Rs. 3.888 million (2019: 2.241 million).

40.5.3 Price Risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (Other than those arising from interest/profit risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. At present, the company is not exposed to price risk as there are no investments in marketable securities.

40.5.4 Liquidity risk

Liquidity risk reflects an enterprise's inability in raising funds to meet commitments. The company follows an effective cash management planning policy to ensure availability of funds and to take appropriate measures for new requirements.

The following are the contractual maturities of financial liabilities, including estimated interest payments.

	JUNE - 2020						(Rupees)
	Carrying Amount	Contractual Cash Flows	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
Long term loan	316,045,803	351,171,204	42,458,539	44,265,642	82,143,255	182,303,768	-
Liability under finance lease	72,800,000	77,259,335	54,407,478	14,622,793	8,218,515	10,549	-
Trade and other payables	392,899,613	392,899,613	392,899,613	-	-	-	-
Mark-up & profit accrued on loans and other payables	40,073,361	40,073,361	40,073,361	-	-	-	-
Short term borrowing	-	-	-	-	-	-	-
	821,818,777	861,403,513	529,838,991	58,888,435	90,361,770	182,314,317	-



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

	JUNE - 2019						(Rupees)
	Carrying Amount	Contractual Cash Flows	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
Long term loan	224,071,555	293,849,966	16,371,922	33,511,138	67,528,267	172,650,796	3,787,843
Trade and other payables	505,559,696	505,559,696	505,559,696	-	-	-	-
Mark-up & profit accrued on loans and other payables	15,695,208	15,695,208	15,695,208	-	-	-	-
Short term borrowing	-	-	-	-	-	-	-
	745,326,459	815,104,870	537,626,826	33,511,138	67,528,267	172,650,796	3,787,843

41 PLANT CAPACITY AND ACTUAL PRODUCTION

Installed Capacity

Auto rickshaw (8 hours single shift basis)

Automotive parts

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

Actual Production

Auto Rickshaw

Automotive Parts

Wheel Rims

June 30, 2020	June 30, 2019
Numbers	Numbers
20,000	20,000

12,253	15,887
68,533	73,395

Under utilization of capacity was due to lower demand of Auto Rickshaw during the year.

42 NUMBER OF EMPLOYEES

Number of permanent employees at the year end

Average number of permanent employees during the year

868	827
834	832

43 DISCLOSURE REQUIREMENT FOR THE COMPANIES LISTED ON ISLAMIC INDEX

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

43.1 Loans/advances obtained as per Islamic mode	Disclosed in Note no. 6, 10, 12
43.2 Shariah compliant bank deposits/bank balances.	Disclosed in Note no. 25.
43.3 Profit earned from shariah compliant bank deposits/bank balances.	Disclosed in Note no. 31.
43.4 Revenue earned from a shariah compliant business segment.	Disclosed in Note no. 26.
43.5 Gain/loss or dividend earned from shariah compliant investments.	No investment made during the year.
43.6 Exchange gain earned from actual currency.	Disclosed in Note no. 31.
43.7 Profit paid on Islamic mode of financing.	Disclosed in Note no. 32.
43.8 Relationship with shariah compliant banks.	Disclosed in Note no. 6, 10, 12
43.9 Profits earned or interest paid on any conventional loan or advance.	No profit earned or interest paid to any conventional bank during the year.

44 IMPACT OF COVID-19 ON THE FINANCIAL STATEMENTS

The outbreak of COVID-19 pandemic throughout the world including Pakistan has adversely impacted not only the lives of human beings but also disrupted the operation of businesses. After the massive increase in the affected cases of COVID-19 Pandemic in Pakistan, the Provincial and Federal Government of Pakistan announced temporary lock downs as a measure to reduce the further spread of the COVID-19. Accordingly, the Company shut down its plant as on March 24, 2020. However, in compliance with the relaxation announced by Governments, the Company resumed its operation partially as on April 15, 2020 and completely as on May 18, 2020 after ensuring the implementation of the necessary Standard Operating Procedures (SOPs) for the safety of employees and for the smooth and adequate continuation of its business.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

The Company's operation disruption, including the suspension of production, sales and other operational activities, resulted in a decline of sales revenue of around 7% and the corresponding profitability considering its pre-COVID-19 business trend.

The COVID-19 has also adversely impacted the progress on setting up of Company's four wheeler project due to which the Company could not achieve its desired date of completion.

Considering the applicable IFRS and going concern assumptions used for the preparation of these financial statements, the Company has assessed the accounting implications of this pandemic on these financial statements and determines that there has been no specifically quantifiable material impact of COVID-19 on the Company's financial statements except for the decrease in revenue and corresponding profitability as stated above.

The State Bank of Pakistan announced various relaxations and refinance schemes to facilitate the business organizations to come out of the impact of pandemic, out of which the Company has availed the deferment of payment of principal amount of Diminishing Musharikh facility for a period of one year and refinance facility for the payment of wages & salaries of company's employees for the months April-June 2020 during the year and for the months July-September 2020 subsequent to the date of these financial statements. Complete detail has been stated in note 6 to these financial statements.

45 NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors, at their meeting held on September 24, 2020 has recommended issuance of 30% bonus shares i.e. 30 ordinary shares for every 100 ordinary shares subject to the approval of shareholders in the forthcoming 29th Annual General Meeting of the Company.

These Financial Statements for the year ended June 30, 2020 do not include the effect of the above stated recommendation of bonus shares, which will be accounted for in the financial statements for the year ended June 30, 2021, once it is approved in the forthcoming 29th Annual General Meeting of the Company.

46 CORRESPONDING FIGURES

Corresponding figures are re-arranged, wherever necessary, for the purpose of comparison. However, no such significant re-arrangements have been made in these financial statements.

47 DATE OF AUTHORIZATION FOR ISSUE

The Board of Directors of the Company has authorized these financial statements for issue on September 24, 2020.

48 GENERAL

The figures have been rounded off to the nearest rupees.


MIAN ASAD HAMEED
CHIEF EXECUTIVE


SAEED IQBAL KHAN
DIRECTOR


MUHAMMAD ATIF RAO
CHIEF FINANCIAL OFFICER



NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that 29th Annual General Meeting of Sazgar Engineering Works Limited will be held at All Seasons Wedding & Banquet Hall, Lala Zar Commercial Market, Thokar Niaz Baig, Opp Yasir Broast, 0.5 KM-Raiwind Road, Lahore on Tuesday, October 27, 2020 at 12:30 P.M. to transact the following businesses:

ORDINARY BUSINESSES:

1. To receive, consider and adopt the Audited Annual Financial Statements of the Company for the year ended 30th June, 2020 together with the Directors' Report, Auditors' Report and Chairperson's Review Report.
2. To appoint Auditors and to fix their remuneration for the year ending June 30, 2021. The present auditors M/s H.Y.K & Co. Chartered Accountants, retire and being eligible, offer themselves for re-appointment. The Audit Committee and the Board of Directors have recommended their re-appointment.

SPECIAL BUSINESSES:

3. To approve the issuance of bonus shares @ 30% i.e. 30 ordinary shares for every 100 ordinary shares held as recommended by the Board of Directors by capitalizing Free Reserves of Rs. 107,300,530/-.
4. To approve the increase in Authorized Share Capital of the Company and to amend the respective clauses of Memorandum and Articles of Association of the Company accordingly.

(STATEMENT UNDER SECTION 134(3) OF THE COMPANIES ACT, 2017 SETTING OUT THE MATERIAL FACTS PERTAINING TO THE SPECIAL BUSINESSES WITH DRAFT RESOLUTIONS AND FORM OF PROXY IS BEING SENT TO THE SHAREHOLDERS ALONG WITH NOTICE OF THE MEETING).

By order of the Board

Lahore
October 05, 2020


Arshad Mahmood
(Company Secretary)

Notes:

- a. The share transfer books of the company will remain closed from October 20, 2020 to October 27, 2020 (both days inclusive). Transfers received in order at the share registrar office M/s Corp Tec Associates (Pvt.) Ltd., 503-E, Johar Town, Lahore at the close of business on 19th October, 2020 will be treated in time for the entitlement of bonus shares and for attending the Annual General Meeting.
- b. A member entitled to attend and vote at this meeting may appoint another member as his/her proxy to attend the meeting and vote for his/her behalf. Proxies in order to be effective must be received at the Share Registrar Office duly stamped and signed not less than 48 hours (working days only) before the time of holding of the meeting.

CDC Account Holders will further have to follow the guidelines as laid down in Circular 1 dated January 26, 2000 issued by Securities and Exchange Commission of Pakistan for attending the meeting and appointment of proxies.

- c. Members are requested to promptly communicate the change in their addresses, if any, to the Company's share registrar.
- d. In accordance with the provision of section 223 (7) of the Companies Act 2017, the financial statements and reports of the Company for the year ended June 30, 2020 have been placed on the Company's web site www.sazgarautos.com for the information of shareholders.

e. Consent for Video Conference Facility

Pursuant to the provisions of the Companies Act, 2017, members can avail video conference facility to participate in this Annual General Meeting provided that the Company receives consent from the members holding in aggregate 10% or more shareholding, residing in a city, at least seven (7) days prior to the date of meeting. Subject to the fulfillment of the above conditions, members shall be informed of the venue along with complete information necessary to access the facility. Format of request form has been placed on the Company's website.

- f. Pursuant to the Securities and Exchange Commission of Pakistan's notification S.R.O 470(I)/2016 dated 31 May, 2016, the shareholders of the Company in EOGM of the Company held on 18th March 2017 had accorded their consent for transmission of annual reports including audited annual financial statements, notices of annual general meetings and other information contained therein of the Company through CD or DVD or USB instead of transmitting the same in hard copies. Accordingly, the Company has sent its Annual Report 2020 in the form of CD. The shareholders who wish to receive hard copy of the Annual Report 2020 may send their requests to the Company Secretary / Share Registrar as per the Standard Request Form which is available on the website of the Company. The Company will supply hard copies of the aforesaid document to the shareholders free of cost, within one week of such request. The shareholders who intend to receive the annual report including the notice of meeting through e-mail are requested to provide their written consent on the Standard Request Form available on the Company's website.
- g. The members may attend the AGM online through ZOOM, by following the below guidelines:

(i) The member shall get himself/herself registered by sending his/her request to the Company at e-mail ID company.secretary@sazgarautos.com as per Standard Request Form available on the Company's website (www.sazgarautos.com) or can send his/her request to the Company Secretary at 88-Ali Town, Thokar Niaz, Baig, Raiwind Road, Lahore, along with a legible copy of CNIC not later than October 19, 2020.

(ii) Zoom Link shall be sent by the Company only on email ID or Mobile/Whatsapp Number mentioned in Standard Request Form.



(iii) Members may send their comments/suggestions on any of the agenda item to Company Secretary on email ID: company.secretary@sazgarautos.com or whatsapp no. 0321 8469016 not later than October 19, 2020.

h. Deposit of Physical Shares in CDC Account

As per Section 72 of the Companies Act, 2017 every existing company shall be required to replace its physical shares with book-entry form in a manner as may be specified and from the date notified by the Commission, within a period not exceeding four years from the commencement of the Act i.e. May 30, 2017.

The Physical Shareholders having physical shareholding are encouraged to open CDC Investor Account with CDC or CDC Sub- Account with any of the brokers to place their physical shares into Script less form.

i. In case the Poll is demanded by the shareholders under section 143 of the Companies Act, 2017, the Company shall consider Postal Balloting facility for voting, under the Companies (Postal Ballot) Regulations, 2018.

STATEMENT UNDER SECTION 134(3) OF THE COMPANIES ACT, 2017 SETTING OUT THE MATERIAL FACTS PERTAINING TO THE SPECIAL BUSINESSES:

This statement sets out the material facts pertaining to the special businesses to be transacted at the Annual General Meeting of the Company to be held on Tuesday, October 27, 2020.

ITEM NO. 3 OF THE AGENDA

The Board of Directors of the Company has recommended issuance of 30% bonus shares from the Company's Free Reserves by capitalization of a sum of Rs. 107,300,530/- for the issuance of 10,730,053 fully paid bonus shares. For this purpose following resolutions are proposed to be passed as ordinary resolutions with or without any modification, addition or deletion:

- (i) *"Resolved that a sum of Rs. 107,300,530/- out of the Company's Free Reserves be capitalized and applied for the issue of 10,730,053 fully paid ordinary shares of Rs. 10/- each as bonus shares and be allotted to those shareholders whose names appear in the register of members at the close of the business on October 19, 2020 in the proportion of thirty (30) ordinary shares for every hundred (100) ordinary shares held by a member. These bonus shares shall rank pari passu in all respects with the existing shares of the Company."*
- (ii) *"Further resolved that all the fractional Bonus Shares shall be consolidated into whole shares and shall be sold in the Stock Market. The proceeds of sale of consolidated fractional shares when realized shall be paid to a charitable institution approved under the Income Tax Ordinance, 2001."*
- (iii) *"Further resolved that directors and company secretary be and are hereby authorized singly to complete all corporate and legal formalities that may be necessary or required to give effect to these resolutions for the issue, allotment and distribution of bonus shares."*

The Directors of the Company have no interest directly or indirectly in this Special Business except to the extent of their entitlement to bonus shares as shareholders of the Company.

ITEM NO. 4 OF THE AGENDA

The existing authorized capital of the Company is not sufficient for the future increase in paid up share capital, therefore, the Board of Directors has recommended to increase the Authorized Share Capital of the Company from Rs. 500.00 M to Rs. 1,000.00 M to facilitate the issue of further capital. For this purpose following resolutions are proposed to be passed as special resolutions with or without any modification, addition or deletion:

"Resolved that the Authorized Share Capital of the Company be and is hereby increased from Rs. 500,000,000/- divided into 50,000,000 ordinary shares of Rs. 10/- each to Rs.1,000,000,000/- divided into 100,000,000 ordinary shares of Rs. 10/- each and Clause V of Memorandum of Association and Clause 4 of the Articles of Association of the Company be and are hereby amended accordingly as per following comparative statement:"

COMPARATIVE STATEMENT OF EXISTING AND PROPOSED CLAUSES OF MEMORANDUM AND ARTICLES OF ASSOCIATION

DESCRIPTION	EXISTING CLAUSES	PROPOSED CLAUSES
Clause V of Memorandum of Association	The Share Capital of the Company is Rs. 500,000,000/- (Rupees Five Hundred Million only) divided into 50,000,000 Ordinary shares of Rs. 10/- each with the power to increase or reduce or alter the capital of the Company as permissible under the Companies Ordinance, 1984.	The Share Capital of the Company is Rs. 1,000,000,000/- (Rupees One Billion only) divided into 100,000,000 Ordinary shares of Rs. 10/- each with the power to increase or reduce or alter the capital of the Company as permissible under the Companies Act, 2017.
Clause 4 of Articles of Association	The Authorized Capital of the Company is Rs. 500,000,000/- (Rupees Five Hundred Million only) divided into 50,000,000 ordinary shares of Rs. 10/- each.	The Authorized Capital of the Company is Rs. 1,000,000,000/- (Rupees One Billion only) divided into 100,000,000 ordinary shares of Rs. 10/- each.

"Further resolved that the Chief Executive and Company Secretary of the Company be and are hereby authorized individually to complete all the necessary corporate and legal formalities to give legal effect to the above said changes."

Amended copy of Memorandum and Articles of Association of the Company is available at the Company's registered office for the inspection of members during working hours (10:00-13:00hrs) up to the date of Annual General Meeting.

The directors of the Company have no interest in the Special Businesses and / or in the Special Resolutions except to the extent that they are members of the Company.



تشکیل نیابت داری

میں / ہم _____
 ساکن _____
 بحیثیت رکن (ممبر) سازگار انجینئرنگ ورکس لمیٹڈ
 مقرر کرتا / کرتی ہوں / کرتے ہیں مسئلہ / مسماہ _____
 ساکن _____
 کو یا ان کی غیر حاضری میں مسئلہ / مسماہ _____
 ساکن _____

جو کہ خود بھی سازگار انجینئرنگ ورکس لمیٹڈ کا 16 کے رکن ہے کہ وہ بطور میرا / ہمارا اختیار نامہ سازگار انجینئرنگ ورکس لمیٹڈ کے انٹیسویں سالانہ اجلاس عام میں جو بروز منگل ۲۷ اکتوبر ۲۰۲۰ کو دن 12:30 بجے آل سیزن ویڈنگ اینڈ بینکٹ ہال لالہ زار کمرشل مارکیٹ ٹھوکر نیاں بیک بریکس یا سربروسٹ 0.5 کلومیٹر رانیونڈ روڈ لاہور میں منعقد ہو رہا ہے۔ یا اسکے ملتوی شدہ اجلاس میں شرکت کرے اور وہ میری / ہماری جگہ میری / ہماری طرف سے حق رائے دہی استعمال کرے۔

مورخہ _____ ۲۰۲۰ کو میرے / ہمارے دستخط سے جاری ہو۔

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

پانچ روپے کی رسیدی ٹکٹ پر دستخط

گواہ نمبر ۱	گواہ نمبر ۲
دستخط _____	دستخط _____
نام _____	نام _____
کمپیوٹرائزڈ قومی شناختی کارڈ نمبر _____	کمپیوٹرائزڈ قومی شناختی کارڈ نمبر _____
پتہ _____	پتہ _____

نوٹ

1. پراکسی کے لئے کچنی کارکن ہونا ضروری ہے۔
2. دستخط کی مماثلت کچنی میں رجسٹرڈ نمونہ دستخط کے ساتھ ہونا ضروری ہے۔
3. اگر پراکسی اسی رکن کی طرف جاری کی گئی ہے جس کے اکی کے حصص سنٹرل ڈیپازٹری کچنی آف پاکستان لمیٹڈ میں جمع ہیں۔ تو پراکسی کے ہمراہ نمبر I.D اور CDC اکاؤنٹ / ذیلی اکاؤنٹ نمبر بشمول تصدیق شدہ کمپیوٹرائزڈ قومی شناختی کارڈ یا ملک اشغالی کے پاسپورٹ کی فوٹو کاپی لانا لازمی ہے۔ کارپوریٹ ارکان کے نمائندہ ارکان اس مقصد کیلئے درکار دستاویزات ساتھ لے کر آئیں۔
4. پراکسی اجلاس کے وقت اپنا اصل کمپیوٹرائزڈ قومی شناختی کارڈ یا اصل پاسپورٹ مہیا کرے گا / گی۔
5. مناسب طور پر مکمل شدہ پراکسی کے دستاویز اجلاس سے کم از کم 48 گھنٹے قبل کچنی کے شیئر رجسٹرار آفس کو موصول ہو جانے چاہئیں۔



FORM OF PROXY

I / We _____
 of _____
 a member of **SAZGAR ENGINEERING WORKS LIMITED**
 hereby appoint Mr. / Mrs. / Ms. _____
 of _____
 or failing him Mr. / Mrs. / Ms. _____
 of _____

Who is / are also member/s of **Sazgar Engineering Works Limited** to act as my / our proxy and to vote for me/us and on my/our behalf at the 29th Annual General Meeting of the shareholders of the Company to be held on Tuesday October 27, 2020 at 12:30 P.M. at All Seasons Wedding & Banquet Hall, Lala Zar Commercial Market, Thokar Niaz Baig, Opp Yasir Broast, 0.5 KM Raiwind Road, Lahore and at any adjournment thereof.

Signed this _____ day of _____ 2020

Folio No.	CDC Participant ID No.	CDC Account/ Sub-Account No.	No. of shares held	Signature over Revenue Stamp of Rupees 5/-

Witness 1

Signature _____
 Name _____
 CNIC No. _____
 Address _____

Witness 2

Signature _____
 Name _____
 CNIC No. _____
 Address _____

- Notes:**
1. The proxy must be a member of the Company.
 2. The signature must tally with the specimen signature/s registered with the Company.
 3. If a proxy is granted by a member who has deposited his/her shares in Central Depository Company of Pakistan Limited, the proxy must be accompanied with participant's ID number and CDC account/sub-account number alongwith attested photocopies of Computerized National Identity Card or the Passport of the beneficial owner. Representatives of corporate members should bring the documents required for such purpose.
 4. The proxy shall produce his / her original (CNIC) or original passport at the time of the meeting.
 5. The instrument of Proxy properly completed should be deposited at the Share Registrar Office of the Company not less than 48 hours before the time of holding the meeting.

Sazgar Engineering Works Limited

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

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

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

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