



Quarterly
Financial Statements
(Un-Audited)

September 30,
2020



Sazgar Engineering Works Limited

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ



SAZGAR ENGINEERING WORKS LIMITED

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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.sazgaraautos.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



ڈائریکٹرز کا جائزہ

آپ کی کمپنی کے ڈائریکٹرز 30 ستمبر 2020 کو مکمل ہونے والی پہلی سرمایہ کے لئے کمپنی کے معاملات پر بخوشی اپنا جائزہ پیش کرتے ہیں۔

مختصر جائزہ:

آؤٹیکلئے ایک مشکل وقت سے گزرنے کے بعد آہستہ آہستہ بہتر ہونا شروع کر دیا ہے اور زیر جائزہ مدت کے دوران مجموعی طور پر 21 فی صد بڑھوتری ہوئی ہے۔ نوادہ قری (283) وٹرز میں 22 فی صد اضافہ ریکارڈ کیا گیا ہے جبکہ پچھلے مالی سال کے اسی عرصہ کے مقابلے میں ڈیٹا ریٹریکٹری کے فروخت حجم میں 14 فی صد اضافہ دیکھا گیا ہے (ذرائع: پاکستان آؤٹوموبائل میونسپلٹی ریزائیسی ایشن)۔

اللہ تعالیٰ سے فضل و کرم سے، کمپنی کے قری وٹرز اور ڈیٹا ریٹریکٹری وٹرز کی فروخت حجم میں بالترتیب 62 فی صد اور 16 فی صد اضافہ ہوا ہے۔

مالیاتی نتائج:

مالی سال 2020-21 کی پہلی سرمایہ کے مالی نتائج COVID-19 کے منفی اثرات اور ملک کے غیر یقینی معاشی حالات سے کمپنی کے کاروباری بحالی کو ٹھہرا کر رہے ہیں۔ اسٹیٹ بینک پاکستان نے صنعتی شعبے کی مدد کے لئے مختلف نالی سکیمیں متعارف کروا کر باقی مرض COVID-19 کی وجہ سے پیدا ہونے والی صورت حال کو سامان بنانے میں اہم کردار ادا کیا ہے۔

اس سرمایہ میں کمپنی کی مجموعی فروخت 58.16 فی صد اضافہ کے ساتھ پچھلے مالیاتی سال کی سرمایہ کے مقابلہ میں 612.24 ملین روپے سے بڑھ کر 968.32 ملین روپے ہو گئی ہے، مجموعی منافع 32.75 فی صد اضافہ کے ساتھ 69.71 ملین روپے سے بڑھ کر 92.54 ملین روپے ہو گیا ہے، قبل از ٹیکس منافع 182.75 فی صد اضافہ کے ساتھ 10.66 ملین روپے سے بڑھ کر 30.15 ملین روپے ہو گیا ہے اور آمدنی فی حصص (restated) 0.28 روپے سے بڑھ کر 0.61 روپے ہو گئی ہے۔

کمپنی نے پچھلے سال کی سرمایہ کی پیداوار 2,479 عدد قری وٹرز کے مقابلہ میں 56.84 فی صد اضافہ کے ساتھ اس سرمایہ میں 3,888 عدد قری وٹرز گزاریاں بنائیں۔

کمپنی نے پچھلے سال کی سرمایہ کی پیداوار 21,680 عدد قری وٹرز مل، مرکز کے مقابلہ میں 11.43 فی صد اضافہ کے ساتھ اس سرمایہ میں 24,158 عدد قری وٹرز مل بنائے۔

مستقبل پر نقطہ نظر:

کمپنی آنے والے وقت میں آؤٹیکلئے کے بڑھتے ہوئے رجحانات میں تسلسل کی توقع رکھتی ہے تاہم، غیر یقینی سیاسی حالات اور باقی مرض COVID-19 کی متوقع دوسری لہر کمپنی کے مستقبل میں فروخت، حجم اور منافع پر برا اثر ڈال سکتی ہے۔ امید کی جاتی ہے کہ حکومت ملک میں کاروباری دوست ماحول پیدا کرنے کے لئے مناسب اقدامات کرے گی۔ کمپنی اپنے کاروباری مقاصد حاصل کرنے کے لئے اپنے ملازمین کو محفوظ کاروباری ماحول اور صحت کی بحالیات فراہم کرنے کے لئے پرعزم ہے۔

ڈائریکٹرز کمپنی کے ملازمین کی انتھک کوششوں، بھم و رک اور گھن جس کا اظہار انہوں نے موجودہ عرصہ کے دوران کیا ہے، کے شکر گزار ہیں۔ وہ اپنے معزز حصص داران، گاہکوں، سپلائرز اور مالی اداروں کے کمپنی کے ساتھ تسلسل تعاون کرنے پر بھی شکر گزار ہیں۔

یورڈ آف ڈائریکٹرز کی جانب سے

لاہور

مورخہ 27 اکتوبر 2020

Saeed
سعید اقبال خان
ڈائریکٹر

Muhammad
میاں اسمد حمید
چیف ایگزیکٹو



SAZGAR ENGINEERING WORKS LIMITED

DIRECTORS' REVIEW

The directors of your Company are pleased to present their review on the affairs of the Company for the first quarter ended September 30, 2020.

Brief Overview:

The Auto Sector has started to improve gradually after passing through a tough time and has shown an overall growth of 21% during the period under review. Two & Three Wheelers segment has recorded a growth of 22% whereas tractor industry has witnessed a growth of 14% with respect to sales volume compared with the corresponding period of last financial year. (Source: PAMA)

By the Grace of Almighty Allah, the Company's sales volume of three wheelers and tractor wheel rims have also shown a growth of 62% and 16% respectively.

Financial Results:

The financial results of the first quarter of the financial year 2020-21 are showing a recovery of Company's business from the negative impact of the COVID-19 and uncertain economic conditions of the country. The State Bank of Pakistan has played an instrumental role in the ease of situation caused by COVID-19 pandemic by introducing various finance schemes for helping the industrial sector.

During this quarter, the Company's net sale has increased by 58.16% from Rs. 612.24 M to Rs. 968.32 M, gross profit by 32.75% from Rs. 69.71 M to Rs. 92.54 M, pretax profit by 182.75% from Rs. 10.66 M to Rs. 30.15 M and earnings per share from Rs. 0.28 (restated) to Rs. 0.61 as compared to the corresponding period of last financial year.

The Company produced 3,888 units of Three Wheelers during this period compared with 2,479 units of Three Wheelers produced during corresponding period of last year showing an increase of 56.84%.

The Company produced 24,158 tractor wheel rims during the current period compared with 21,680 tractor wheel rims of corresponding period of last year showing an increase of 11.43%.


Future Outlook:

The Company expects a continuity in the growing trends of auto sector in the time to come. However, uncertain political conditions and expected second wave of COVID-19 pandemic may adversely affect the future sales volume and profitability of the company. It is hoped that the Government will take suitable measures to create business friendly atmosphere in the country. The Company is committed to provide safe working environment and health facilities to its employees in order to achieve its business objectives.

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

For and on behalf of the Board

Lahore
Dated: 27-10-2020


Mian Asad Hameed
(Chief Executive)


Saeed Iqbal Khan
(Director)



SAZGAR ENGINEERING WORKS LIMITED

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED) AS AT SEPTEMBER 30, 2020

	Note	Un-audited September 30, 2020 Rupees	Audited June 30, 2020 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital	4.1	500,000,000	500,000,000
Issued, subscribed and paid-up share capital	4.2	357,668,420	357,668,420
Capital reserve - Share premium account		557,406,192	557,406,192
Revenue reserve - Un-appropriated Profit		875,731,470	853,884,500
		1,790,806,082	1,768,959,112
LIABILITIES			
NON CURRENT LIABILITIES			
Long term financing		345,889,149	249,407,861
Lease Liabilities		5,460,000	7,800,000
Deferred liabilities		211,115,682	202,107,551
Deferred Grant		10,754,764	5,170,602
CURRENT LIABILITIES			
Trade and other payables		596,044,791	413,569,969
Unclaimed dividend		1,422,333	1,443,792
Profit accrued on loans and other payables		24,591,399	40,073,361
Short term borrowings		-	-
Current portion of long term liabilities		108,632,082	131,637,943
		730,690,605	586,725,065
CONTINGENCIES AND COMMITMENTS			
	5	-	-
TOTAL EQUITY AND LIABILITIES		3,094,716,282	2,820,170,190
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	6	1,481,462,624	1,318,332,806
Intangible assets	7	69,490	76,944
Long term loan and advances		31,369,536	27,490,153
Long term deposits		3,512,855	3,512,855
Deferred taxation		28,447,588	21,670,008
CURRENT ASSETS			
Stores, spares and loose tools		5,460,287	5,281,932
Stock-in-trade		611,368,269	660,110,327
Trade debts		109,532,578	122,597,252
Loans & advances		26,237,552	16,101,921
Trade deposits and short term prepayments		153,778,157	66,248,138
Other receivables		126,443,219	129,928,799
Cash and bank balances		517,034,127	448,819,055
		1,549,854,189	1,449,087,424
TOTAL ASSETS		3,094,716,282	2,820,170,190

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


MIAN ASAD HAMEED
CHIEF EXECUTIVE


SAEED IQBAL KHAN
DIRECTOR


MUHAMMAD ATIF RAO
CHIEF FINANCIAL OFFICER



SAZGAR ENGINEERING WORKS LIMITED

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED) FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2020

	Note	First Quarter Ended	
		September 30, 2020	September 30, 2019
		Rupees	Rupees
Sales - Net	8	968,323,152	612,244,853
Cost of sales	9	875,782,625	542,533,149
Gross Profit		92,540,527	69,711,704
Distribution cost		26,971,566	20,349,922
Administrative expenses		30,547,132	24,512,779
Other operating expenses		1,803,408	790,184
		59,322,106	45,652,885
		33,218,421	24,058,819
Other income		6,452,849	1,410,035
Operating profit before finance cost		39,671,270	25,468,854
Finance cost		9,526,209	14,807,516
Profit before taxation		30,145,061	10,661,338
Taxation	10	8,298,091	2,446,509
Profit after taxation		21,846,970	8,214,829
Earnings per share - Basic and diluted	11	0.61	Restated 0.28

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


MIAN ASAD HAMEED
CHIEF EXECUTIVE


SAEED IQBAL KHAN
DIRECTOR


MUHAMMAD ATIF RAO
CHIEF FINANCIAL OFFICER



SAZGAR ENGINEERING WORKS LIMITED

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2020

First Quarter Ended	
September 30, 2020	September 30, 2019
Rupees	Rupees

PROFIT AFTER TAXATION FOR THE PERIOD

21,846,970	8,214,829
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OTHER COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD

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TOTAL COMPREHENSIVE INCOME FOR THE PERIOD

21,846,970	8,214,829
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The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

MIAN ASAD HAMEED
CHIEF EXECUTIVE

SAEED IQBAL KHAN
DIRECTOR

MUHAMMAD ATIF RAO
CHIEF FINANCIAL OFFICER



SAZGAR ENGINEERING WORKS LIMITED

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2020

	Share Capital Rupees	Share Premium Account Rupees	Un-appropriated Profit Rupees	Total Rupees
Balance as at June 30, 2019 - Audited	215,668,420	-	829,038,827	1,044,707,247
Comprehensive Income for the year				
Profit after taxation	-	-	8,214,829	8,214,829
Comprehensive Income / (Loss)	-	-	-	-
Total comprehensive income for the period ended September 30, 2019	-	-	8,214,829	8,214,829
Balance as at September 30, 2019 - Un-audited	215,668,420	-	837,253,655	1,052,922,075
Balance as at June 30, 2020 - Audited	357,668,420	557,406,192	853,884,500	1,768,959,112
Comprehensive Income for the period				
Profit after taxation	-	-	21,846,970	21,846,970
Comprehensive Income / (Loss)	-	-	-	-
Total comprehensive income for the period ended September 30, 2020	-	-	21,846,970	21,846,970
Balance as at September 30, 2020 - Un-audited	357,668,420	557,406,192	875,731,470	1,790,806,082

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


MIAN ASAD HAMEED
CHIEF EXECUTIVE


SAEED IQBAL KHAN
DIRECTOR


MUHAMMAD ATIF RAO
CHIEF FINANCIAL OFFICER



SAZGAR ENGINEERING WORKS LIMITED

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED) FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2020

	First Quarter Ended	
	September 30, 2020	September 30, 2019
	Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	30,145,061	10,661,338
Adjustment for non cash charges and other items:		
Depreciation	5,342,985	4,714,960
Amortization	7,454	8,129
Provision for staff retirement gratuity	9,703,198	10,081,578
Finance cost	9,526,209	14,807,516
Other Income	(6,452,849)	(1,410,035)
	18,126,997	28,202,148
Working capital changes	48,272,058	38,863,486
(Increase)/Decrease in current assets		
Store, spares and loose tools	(178,355)	314,190
Stock-in-trade	48,742,059	(12,392,476)
Trade debts	13,064,674	(12,620,665)
Loans & Advances	(10,135,631)	(2,273,430)
Trade Deposits and short term prepayments	(87,530,019)	(4,170,824)
Other receivables	1,999,445	(654,946)
(Decrease) / Increase in current liabilities		
Trade and other payables	179,457,442	(22,110,545)
Increase in Long term loans and advances	(3,879,383)	(1,461,676)
	141,540,232	(55,370,372)
Cash generated from / (used in) operations	189,812,290	(16,506,886)
Finance cost paid	(25,008,171)	(11,530,568)
Income tax paid/deducted at source	(10,342,734)	(24,960,645)
Employees retirement benefit - gratuity paid	(695,067)	(284,985)
Net cash generated from / (used in) operating activities	153,766,318	(53,283,084)
CASH FLOW FROM INVESTING ACTIVITIES		
Property, plant and equipment purchased	(169,835,703)	(26,858,209)
Proceeds from sale of property, plant and equipment	2,000,000	-
Net cash used in investing activities	(167,835,703)	(26,858,209)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from long term borrowings	99,319,590	3,951,250
Repayment of long term loan	(1,500,000)	-
Proceeds from short term borrowings	181,560,579	631,904,944
Repayment of short term borrowings	(181,560,579)	(437,154,152)
Repayment of lease liability	(21,100,000)	-
Profit on bank deposits	5,586,327	-
Dividend paid	(21,460)	(51,311)
Net cash generated from financing activities	82,284,457	198,650,731
NET INCREASE IN CASH AND CASH EQUIVALENTS	68,215,072	118,509,438
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	448,819,055	5,967,361
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	517,034,127	124,476,799

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


MIAN ASAD HAMEED
CHIEF EXECUTIVE


SAEED IQBAL KHAN
DIRECTOR


MUHAMMAD ATIF RAO
CHIEF FINANCIAL OFFICER



SAZGAR ENGINEERING WORKS LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2020

1 LEGAL STATUS AND OPERATIONS

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

2 BASIS OF PREPARATION

2.1 These condensed interim financial statements (un-audited) of the Company for the three months ended September 30, 2020 have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of; International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and provisions of and directives issued under the Companies Act, 2017 (the "Act"). Where the provisions of and directives issued under the Companies Act, 2017 (the "Act") differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 (the "Act") have been followed.

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

2.3 These condensed interim financial statements do not include all the information and disclosures as required in the annual financial statements and should be read in conjunction with the Company's annual audited financial statements for the year ended June 30, 2020.

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

2.4.1 Financial risk management

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements for the year ended June 30, 2020.

2.4.2 Fair Value of financial assets and liabilities

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

2.4.3 Accounting Estimates and judgments

The preparation of condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amount of assets and liabilities, incomes and expenses. Actual results may differ from these estimates. The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation are the same as those that applied to the financial statements for the year ended June 30, 2020.

2.5 CORRESPONDING FIGURES

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

3 STATEMENT OF CONSISTENCY IN ACCOUNTING POLICIES

3.1 The accounting policies adopted in the preparation of these condensed interim financial statements are consistent with those applied in the preparation of the annual audited financial statements for the year ended June 30, 2020.

3.2 Certain standards, amendments and interpretations of approved accounting standards will be effective for accounting periods but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in these condensed interim financial statements.



SAZGAR ENGINEERING WORKS LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2020

4 SHARE CAPITAL

4.1 AUTHORIZED SHARE CAPITAL

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

4.2 ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

21,363,000	21,363,000	ordinary shares of Rupees 10/- each fully paid up in cash.	213,630,000	213,630,000
14,403,842	14,403,842	ordinary shares of Rupees 10/- each allotted as bonus shares.	144,038,420	144,038,420
35,766,842	35,766,842		357,668,420	357,668,420

5 CONTINGENCIES AND COMMITMENTS

5.1 Contingencies

There is no significant change in contingencies from the preceding annual published financial statement of the Company for the year ended June 30, 2020. Except the following;

- 5.1.1 DCIR initiated proceedings under section 6,7 and 8 of The Sales Tax Act 1990 for the tax period from January 2014 to February 2017 and created a tax demand Rs. 6,770,083/- on May 18, 2020. The Company filed an appeal before CIR(A) on June 16, 2020 and got a relief of Rs. 4,881,666/- with the directions of re-assessment. However DCIR filed an appeal before ATIR against the order of CIR(A) as on August 27, 2020, on the other hand Company also filed an appeals before The ATIR as on September 07, 2020 and obtained a stay order against the order of CIR(A). Proceedings are still pending. In the opinion of tax consultant, favorable outcome of the appeal is expected, hence no provision is made in these financial statements.

5.2 Commitments

- 5.2.1 Commitments in respect of outstanding letters of credit for raw material amount to Rs. 343.16 Million (June 30, 2020: Rs. 102.73 Million).

- 5.2.2 Commitments in respect of capital expenditures amount to Rs. 79.13 Million (June 30, 2020: Rs. 117.17 Million).

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

Not later than one year	48,421,957	69,030,272
Later than one year but not later than five years	5,678,815	8,229,064
Later than five years	-	-

6 PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets	6.1	353,951,035	335,796,920
Capital work in progress	6.2	1,127,511,589	982,535,886
		1,481,462,624	1,318,332,806

6.1 OPERATING FIXED ASSETS - Tangible

Opening book value		335,796,920	348,588,354
Add:			
Additions during the period (at cost)			
- Plant and machinery		1,045,000	4,183,340
- Furniture and Fittings		-	620,804
- Office equipments		-	618,722
- Electric installations		-	916,300
- Vehicles		23,815,000	3,183,000
		24,860,000	9,522,166



SAZGAR ENGINEERING WORKS LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2020

		Un-audited September 30, 2020 Rupees	Audited June 30, 2020 Rupees
Less:			
Disposal during the period (at net book value)			
- Vehicles		1,362,900	3,085,450
Depreciation charged during the period		5,342,985	19,228,150
		6,705,885	22,313,600
Closing book value		353,951,035	335,796,920
6.2 CAPITAL WORK IN PROGRESS			
Opening Balance		982,535,886	649,491,034
Additions during the period			
- Plant and machinery		134,303,582	288,506,873
- Building and Civil Works on freehold land		10,672,121	44,537,979
		144,975,703	333,044,852
Closing Balance		1,127,511,589	982,535,886
7 INTANGIBLE ASSETS			
Opening book value		76,944	108,560
Add: additions during the period		-	-
		76,944	108,560
Less: amortization charged during the period		7,454	31,616
Closing book value		69,490	76,944
		Un-audited July - Sep 2020 Rupees	Un-audited July - Sep 2019 Rupees
8 SALES - NET	NOTES		
Gross sales	8.1	1,271,038,966	742,023,677
Less: Sales tax		169,458,612	105,931,466
Sales returns		108,238,644	16,853,644
Commission		25,018,558	6,993,714
		302,715,814	129,778,824
		968,323,152	612,244,853
8.1 This includes Rs. 6.41 million (September 30, 2019: Rs. 2.77 million) on account of export sales for the period.			
9 COST OF SALES			
Raw materials and components consumed		688,218,261	434,571,510
Salaries, wages and other benefits		91,270,632	77,873,331
Stores, spares and loose tools consumed		11,457,310	10,074,204
Power and fuel charges		17,675,776	13,823,038
Repair and maintenance		23,066,147	14,129,838
Provision for slow moving items		-	255,150
Other expenses		3,642,311	2,893,858
Depreciation & Amortization		2,918,642	2,711,196
		838,249,079	556,332,125
Opening work-in-process		30,553,475	28,239,219
Closing work-in-process		(19,627,719)	(11,394,730)
Cost of goods manufactured		849,174,835	573,176,614
Opening finished goods		222,905,224	178,368,962
Closing finished goods		(196,297,434)	(209,012,427)
		875,782,625	542,533,149
10 TAXATION			
Current			
For the period		15,075,671	9,386,867
Deferred			
For the period		(6,777,580)	(6,940,358)
		8,298,091	2,446,509



SAZGAR ENGINEERING WORKS LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2020

		Un-audited July - Sep 2020 Rupees	Un-audited July - Sep 2019 Rupees
11 EARNINGS PER SHARE - BASIC AND DILUTED			
Basic Earnings Per Share			
Profit after taxation for the period	Rupees	21,846,970	8,214,829
Weighted average number of ordinary shares outstanding during the period - Note 4.2	Number	35,766,842	28,933,340
Basic earnings per share	Rupees	0.61	0.28
11.1 Diluted earnings per share			
A diluted earnings per share has not been presented as the Company does not have any convertible instruments in issue as at September 30, 2020 and September 30, 2019, which would have any effect on earning per share if the option to convert is			
12 TRANSACTIONS WITH RELATED PARTIES			
Non-Executive Director (s)			
Meeting fee		240,000	270,000
Key Management Personnel			
Remuneration, Allowances and benefits		15,358,750	12,924,900
Other Related Party			
Rent Expenses		-	57,500
Remuneration, Allowances and benefits		1,200,000	-
PERIOD END BALANCES			
Payable to Other Related Party - Rent Payable		-	57,500
13 SEGMENT RESULTS			
Segment Revenue - Net			
Home appliances		153,846	2,958,788
Auto parts		170,374,749	143,802,150
Auto rickshaw		775,516,780	465,483,915
Automobiles - Four Wheeler		22,277,777	-
Total		968,323,152	612,244,853
Segment operating results			
Home appliances		15,018	381,544
Auto parts		4,162,674	2,770,056
Auto rickshaw		42,906,099	31,091,030
Automobiles - Four Wheeler		(12,061,963)	(9,393,628)
Total		35,021,828	24,849,002
14 DATE OF AUTHORIZATION FOR ISSUE			
The Board of Directors of the Company has authorized these condensed interim financial statements for issue on October 27, 2020.			
15 GENERAL			
15.1	The figures have been rounded off to the nearest Rupee.		


MIAN ASAD HAMEED
CHIEF EXECUTIVE


SAEED IQBAL KHAN
DIRECTOR


MUHAMMAD ATIF RAO
CHIEF FINANCIAL OFFICER

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