



Quarterly & Half Yearly
Financial Statements
(Un-Audited)

December 31,
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.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
Faysal Bank Limited
Habib Metropolitan Bank Limited



SAZGAR ENGINEERING WORKS LIMITED

ڈائریکٹرز کا جائزہ

آپ کی کمپنی کے ڈائریکٹرز 31 دسمبر 2020 کو مکمل ہونے والی دوسری سرمایہ اور ششماہی کے لئے کمپنی کے معاملات پر بخوشی اپنا جائزہ پیش کرتے ہیں۔

مختصر جائزہ:

آؤیکٹر مستقل طور پر ترقی کر رہا ہے اور اس نے رواں مالی سال کی پہلی ششماہی کے دوران مجموعی طور پر 19 فی صد بڑھوتری کی ہے۔ اللہ کے فضل و کرم سے، کمپنی کے قہری ویلز اور ڈیکٹر ویلز مرکزی فروخت کا حجم بھی بالترتیب 47 فی صد اور 26 فی صد بڑھا ہے۔

وبائی مرض COVID-19 کے منفی اثرات اور غیر یقینی معاشی حالات کو بحال کرنے میں حکومت پاکستان کا رو باری اداروں کو سہولت فراہم کرنے میں نمایاں کردار ادا کر رہی ہے۔ اس سلسلے میں، مالیاتی اداروں کے توسط سے مختلف فنڈس سکیمیں متعارف کروائی گئیں ہیں جو اب تک فائدہ مند نتائج دے رہی ہیں۔ تاہم حکومت کی جانب سے معیشت کے استحکام کے لئے مزید اصلاحی اقدامات کرنے کی ضرورت ہے۔

مالیاتی نتائج:

دوسری سرمایہ کے دوران، مجموعی فروخت 43.16 فی صد اضافہ کے ساتھ پچھلے مالیاتی سال کی دوسری سرمایہ کے مقابلہ میں 565.76 ملین روپے سے بڑھ کر 809.94 ملین روپے ہو گئی ہے، مجموعی منافع 18.91 فی صد اضافہ کے ساتھ 66.44 ملین روپے سے بڑھ کر 79.00 ملین روپے ہو گیا ہے، قبل از ٹیکس منافع 367.96 فی صد اضافہ کے ساتھ 5.93 ملین روپے سے بڑھ کر 27.75 ملین روپے ہو گیا ہے۔

اس سال کی ششماہی کے دوران مجموعی فروخت 50.96 فی صد اضافہ کے ساتھ پچھلے مالیاتی سال کی ششماہی کے مقابلہ میں 1,178.00 ملین روپے سے بڑھ کر 1,778.27 ملین روپے ہو گئی ہے، مجموعی منافع 26.00 فی صد اضافہ سے 136.15 ملین روپے سے بڑھ کر 171.55 ملین روپے ہو گیا ہے، قبل از ٹیکس منافع 248.95 فی صد اضافہ سے 16.59 ملین روپے سے بڑھ کر 57.90 ملین روپے ہو گیا ہے اور آمدنی فی حصص (restated) 0.34 روپے سے بڑھ کر 0.81 روپے ہو گئی ہے۔

کمپنی نے پچھلے سال کی دوسری سرمایہ اور ششماہی میں بالترتیب 3,565 عدد اور 6,044 عدد قہری ویلز کی پیداوار کے مقابلہ میں اس سال دوسری سرمایہ اور ششماہی میں بالترتیب 4,273 عدد اور 8,161 عدد رکھے بنائے۔

کمپنی نے پچھلے سال کی دوسری سرمایہ اور ششماہی میں بالترتیب 14,618 عدد اور 37,298 عدد ویلز مرکزی پیداوار کے مقابلہ میں اس سال دوسری سرمایہ اور ششماہی میں بالترتیب 21,881 عدد اور 46,039 عدد ویلز مرکزی پیداوار کی ہے۔

فوری منصوبے پر ترقیاتی کام:

وبائی مرض COVID-19 نے فوری منصوبہ کی پیش رفت کو بری طرح متاثر کیا ہے، تاہم امید ہے کہ یہ منصوبہ مارچ 2021 کے آخر تک مکمل ہو جائے گا اور آزمائشی پیداوار شروع کرنے کے لئے تیار ہوگا۔



SAZGAR ENGINEERING WORKS LIMITED

مستقبل پر نقطہ نظر:

کمپنی رواں مالی سال کی تیسری سہ ماہی میں آٹوموبائل سیکٹر کی ترقی میں تسلسل کی توقع رکھتی ہے۔ ملک میں COVID-19 کی ویکسینیشن کا آغاز صحت مندا کام کرنے کا ماحول پیدا کرے گا اور اس سے ملک میں معاشی استحکام کے حصول میں بھی مدد ملے گی۔

انشاء اللہ، کمپنی اگلی سہ ماہی کے دوران اپنی فروخت کے حجم اور منافع میں اضافہ کے لئے پرامید ہے۔

ڈائریکٹر کمپنی کے ملازمین کی انتھک کوششوں، نظم و ضبط اور محنت کا اظہار انہوں نے موجودہ عرصہ کے دوران کیا ہے، اسے شکر گزار ہیں۔ وہ اپنے معزز مخلص اداران کا روبرواری شراکت دار اور مالی اداروں کے کمپنی کے ساتھ مسلسل تعاون کرنے پر بھی شکر گزار ہیں۔

بورڈ آف ڈائریکٹرز کی جانب سے

Saeed

سعید اقبال خان

ڈائریکٹر

M. Ishaq

میاں اسد سعید

چیف ایگزیکٹو

لاہور

مورخہ 23 فروری 2021



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 2nd quarter and half year ended December 31, 2020:

Brief Overview:

The Auto Sector is growing consistently and has shown an overall growth of 19% during the first half of current financial year. By the Grace of Almighty Allah, the Company's sales volume of three wheelers and tractor wheel rims have also shown a growth of 47% and 26% respectively.

The Government of Pakistan is playing a significant role in providing facilitation to the businesses to recover from the negative impact of COVID-19 Pandemic and uncertain economic conditions. In this regard, various finance schemes have been introduced through the financial institutions which are giving fruitful results so far. However, more remedial measures are required to be taken by the Government for the stability of the economy.

Financial Results:

During the 2nd quarter, the sales has increased by 43.16% from Rs. 565.76M to Rs. 809.94M, gross profit by 18.91% from Rs. 66.44M to Rs. 79.00M and pre-tax profit by 367.96% from Rs. 5.93M to Rs. 27.75M compared with corresponding period of last year.

The half year sales has increased by 50.96% from Rs.1,178.00M to Rs.1,778.27M, gross profit by 26.00% from Rs. 136.15 M to Rs.171.55M, and pre-tax profit by 248.95% from Rs. 16.59M to Rs. 57.90M and earning per share from Rs 0.34(restated) to Rs. 0.81 as compared with the corresponding period of last year.

During the 2nd quarter and half year, the Company produced 4,273 & 8,161 units of Three Wheeler whereas during the corresponding periods of last year, the production was 3,565 and 6,044 units respectively.

The production of wheel rims was 21,881 & 46,039 in 2nd quarter and half year whereas the production of wheel rims during the same corresponding periods was 14,618 and 37,298 respectively.

Progress on Four Wheeler Project:

The COVID-19 Pandemic has adversely affected the progress of four wheeler project, however, it is hoped that the project will be completed by the end of March, 2021 and would be ready to commence trial production.

Future Outlook:

The Company expects continuity in the growth of automobile sector in third quarter of current financial year. The commencement of Vaccination for COVID-19 in the country will create healthier working environment and would also help to achieve economic stability in the country.


The Company is hopeful for the rise in its sales volume and profitability during the next quarter, Insha Allah.

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: 23-02-2021


Mian Asad Hameed
(Chief Executive)


Saeed Iqbal Khan
(Director)



SAZGAR ENGINEERING WORKS LIMITED



INDEPENDENT AUDITORS' REVIEW REPORT

TO THE MEMBERS OF SAZGAR ENGINEERING WORKS LIMITED REPORT ON REVIEW OF INTERIM FINANCIAL STATEMENTS

Introduction

We have reviewed the accompanying condensed interim Statement of financial position of **Sazgar Engineering Works Limited** as at December 31, 2020 and the related 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, and notes to the financial statements for the half year then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review. The figures of the condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the quarters ended December 31, 2020 and 2019 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2020.

Scope of Review

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

Conclusion

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

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

H.Y.K. & Co.
Chartered Accountants
Lahore: February 23, 2021

Lahore Office:
321 Upper Mall, Lahore.
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Phone: 051 265 4334



SAZGAR ENGINEERING WORKS LIMITED

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED) AS AT DECEMBER 31, 2020

	Note	Un-audited December 31, 2020 Rupees	Audited June 30, 2020 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital	4.1	1,000,000,000	500,000,000
Issued, subscribed and paid-up share capital	4.2	464,968,950	357,668,420
Capital reserve - Share premium account		557,406,192	557,406,192
Revenue reserve - Un-appropriated Profit		784,150,495	853,884,500
		1,806,525,637	1,768,959,112
LIABILITIES			
NON CURRENT LIABILITIES			
Long term financing		323,367,243	249,407,861
Lease Liabilities		3,120,000	7,800,000
Deferred liabilities		219,101,138	202,107,551
Deferred Grant		10,280,867	5,170,602
CURRENT LIABILITIES			
Trade and other payables		850,507,701	413,569,969
Unclaimed dividend		1,421,975	1,443,792
Profit accrued on loans and other payables		30,465,076	40,073,361
Short term borrowings		-	-
Current portion of long term liabilities		139,214,918	131,637,943
		1,021,609,670	586,725,065
CONTINGENCIES AND COMMITMENTS			
	5	-	-
TOTAL EQUITY AND LIABILITIES		3,384,004,555	2,820,170,190
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	6	1,601,859,321	1,318,332,806
Intangible assets	7	62,036	76,944
Long term loan and advances		33,249,653	27,490,153
Long term deposits		3,612,855	3,512,855
Deferred taxation		28,353,634	21,670,008
CURRENT ASSETS			
Stores, spares and loose tools		10,035,786	5,281,932
Stock-in-trade		978,009,016	660,110,327
Trade debts		91,066,081	122,597,252
Loans & advances		21,146,627	16,101,921
Trade deposits and short term prepayments		100,067,432	66,248,138
Other receivables		181,768,322	129,928,799
Cash and bank balances		334,773,792	448,819,055
		1,716,867,056	1,449,087,424
TOTAL ASSETS		3,384,004,555	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 SECOND QUARTER AND HALF YEAR ENDED DECEMBER 31, 2020

	Note	Second Quarter Ended		Half Year Ended	
		Oct - Dec 2020	Oct - Dec 2019	Jul - Dec 2020	Jul - Dec 2019
		Rupees	Rupees	Rupees	Rupees
Sales - Net	8	809,944,356	565,755,613	1,778,267,508	1,178,000,466
Cost of sales	9	730,939,603	499,317,219	1,606,722,228	1,041,850,369
Gross Profit		79,004,753	66,438,394	171,545,280	136,150,097
Distribution cost		22,146,839	18,967,477	49,118,405	39,317,399
Administrative expenses		28,759,589	26,912,601	59,306,721	51,425,380
Other operating expenses		2,514,160	1,610,801	4,317,568	2,400,985
		53,420,588	47,490,879	112,742,694	93,143,764
		25,584,165	18,947,515	58,802,586	43,006,333
Other income		6,348,188	4,220,286	12,801,037	5,630,321
Operating profit before finance cost		31,932,353	23,167,801	71,603,623	48,636,654
Finance cost		4,181,534	17,237,627	13,707,743	32,045,143
Profit before taxation		27,750,819	5,930,174	57,895,880	16,591,511
Taxation	10	12,031,264	826,618	20,329,355	3,273,127
Profit after taxation		15,719,555	5,103,556	37,566,525	13,318,384
Earnings per share - Basic and diluted	11	0.34	Restated 0.13	0.81	Restated 0.34

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 SECOND QUARTER AND HALF YEAR ENDED DECEMBER 31, 2020

Second Quarter Ended		Half Year Ended	
Oct - Dec 2020	Oct - Dec 2019	Jul - Dec 2020	Jul - Dec 2019
Rupees	Rupees	Rupees	Rupees

PROFIT AFTER TAXATION FOR THE PERIOD	15,719,555	5,103,556	37,566,525	13,318,384
OTHER COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	15,719,555	5,103,556	37,566,525	13,318,384

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 HALF YEAR ENDED DECEMBER 31, 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 period				
Profit after taxation	-	-	13,318,384	13,318,384
Comprehensive Income / (Loss)	-	-	-	-
Total comprehensive income for the period ended December 31, 2019	-	-	13,318,384	13,318,384
Balance as at December 31, 2019 - Un-audited	215,668,420	-	842,357,211	1,058,025,631
Balance as at June 30, 2020 - Audited	357,668,420	557,406,192	853,884,500	1,768,959,112
Transaction with owner, recognize directly in equity				
Issuance of Bonus Shares	107,300,530	-	(107,300,530)	-
Total Transaction with owner, recognized directly in equity	107,300,530	-	(107,300,530)	-
Comprehensive Income for the period				
Profit after taxation	-	-	37,566,525	37,566,525
Comprehensive Income / (Loss)	-	-	-	-
Total comprehensive income for the period ended December 31, 2020	-	-	37,566,525	37,566,525
Balance as at December 31, 2020 - Un-audited	464,968,950	557,406,192	784,150,495	1,806,525,637

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 HALF YEAR ENDED DECEMBER 31, 2020

	Half Year Ended	
	Jul - Dec 2020	Jul - Dec 2019
	Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	57,895,880	16,591,511
Adjustment for non cash charges and other items:		
Depreciation	10,713,342	9,555,332
Amortization	14,908	16,258
Provision for staff retirement gratuity	19,406,396	20,163,156
Finance cost	13,707,743	32,045,143
Other Income	(12,801,037)	(5,630,321)
	31,041,352	56,149,568
	88,937,232	72,741,079
Working capital changes		
(Increase)/Decrease in current assets		
Store, spares and loose tools	(4,753,854)	(594,846)
Stock-in-trade	(317,898,688)	(243,726,011)
Trade debts	31,531,171	23,734,238
Loans & Advances	(5,044,706)	(6,783,405)
Trade Deposits and short term prepayments	(33,819,294)	(80,126,013)
Other receivables	1,542,906	(650,000)
(Decrease) / Increase in current liabilities		
Trade and other payables	382,747,150	297,719,335
Increase in Long term loans and advances	(5,759,500)	(1,498,531)
	48,545,185	(11,925,233)
Cash generated from operations	137,482,417	60,815,846
Finance cost paid	(23,316,028)	(15,851,861)
Income tax paid/deducted at source	(24,843,665)	(34,296,900)
Employees retirement benefit - gratuity paid	(2,412,809)	(2,213,216)
Net cash generated from operating activities	86,909,915	8,453,869
CASH FLOW FROM INVESTING ACTIVITIES		
Property, plant and equipment purchased	(295,320,926)	(100,392,159)
Increase in long term deposits	(100,000)	(160,000)
Proceeds from sale of property, plant and equipment	2,000,000	2,780,000
Net cash used in investing activities	(293,420,926)	(97,772,159)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from long term financing	136,066,625	46,114,989
Repayment of long term financing	(3,000,000)	-
Proceeds from short term borrowings	402,645,937	1,380,130,322
Repayment of short term borrowings	(402,645,937)	(1,232,637,833)
Repayment of lease liability	(51,100,000)	-
Profit on bank deposits	10,520,942	1,994,641
Dividend paid	(21,818)	(51,310)
Net cash generated from financing activities	92,465,749	195,550,809
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	(114,045,263)	106,232,519
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	334,773,792	112,199,880

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 SECOND QUARTER AND HALF YEAR ENDED DECEMBER 31, 2020

1 LEGAL STATUS AND OPERATIONS

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

2 BASIS OF PREPARATION

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

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

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

2.4 The figures included in the condensed interim statement of profit or loss for the quarters ended December 31, 2020 and 2019 and in the notes forming part thereof have not been reviewed by the auditors of the Company, as they have reviewed the accumulated figures for the half years ended December 31, 2020 and 2019.

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

2.5.1 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.

2.5.2 Fair Value of financial assets and liabilities

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

2.5.3 Accounting Estimates and judgments

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

2.6 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 SECOND QUARTER AND HALF YEAR ENDED DECEMBER 31, 2020

4 SHARE CAPITAL

4.1 AUTHORIZED SHARE CAPITAL

Un-audited December 31, 2020 Number	Audited June 30, 2020 Number		Un-audited December 31, 2020 Rupees	Audited June 30, 2020 Rupees
100,000,000	50,000,000	NOTE	1,000,000,000	500,000,000

Ordinary shares of Rupees 10 each

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
25,133,895	14,403,842	ordinary shares of Rupees 10/- each allotted as bonus shares.	251,338,950	144,038,420
46,496,895	35,766,842		464,968,950	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. 242.76 Million (June 30, 2020: Rs. 102.73 Million).

- 5.2.2 Commitments in respect of capital expenditures amount to Rs. 61.70 Million (June 30, 2020: Rs. 117.17 Million).

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

Not later than one year	19,528,688	69,030,272
Later than one year but not later than five years	3,189,523	8,229,064
Later than five years	-	-

6 PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets - Tangible	6.1	349,309,996	335,796,920
Capital work in progress	6.2	1,252,549,325	982,535,886

1,601,859,321 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	580,000	618,722
- Electric installations	167,487	916,300
- Vehicles	23,815,000	3,183,000
	25,607,487	9,522,166



SAZGAR ENGINEERING WORKS LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SECOND QUARTER AND HALF YEAR ENDED DECEMBER 31, 2020

		Un-audited December 31, 2020 Rupees	Audited June 30, 2020 Rupees
Less:			
Disposal during the period (at net book value)			
- Vehicles		1,381,069	3,085,450
Depreciation charged during the period		10,713,342	19,228,150
		12,094,411	22,313,600
Closing book value		349,309,996	335,796,920
6.2 CAPITAL WORK IN PROGRESS			
Opening Balance		982,535,886	649,491,034
Additions during the period			
- Plant and machinery		254,672,570	288,506,873
- Building and Civil Works on freehold land		15,340,869	44,537,979
		270,013,439	333,044,852
Closing Balance		1,252,549,325	982,535,886
7 INTANGIBLE ASSETS			
Opening book value		76,944	108,560
Less: amortization charged during the period		14,908	31,616
Closing book value		62,036	76,944
8 SALES - NET			
Gross sales	8.1	1,058,385,329	697,320,748
Less: Sales tax		137,016,491	96,983,791
Sales returns		96,422,597	19,893,673
Commission		15,001,885	14,687,671
		248,440,973	131,565,135
		809,944,356	565,755,613
		1,778,267,508	1,178,000,466
8.1 This includes Rs. 32.39 million (December 31, 2019: Rs. 18.52 million) on account of export sales for the period.			
9 COST OF SALES			
Raw materials and components consumed		811,487,650	580,371,040
Salaries, wages and other benefits		88,638,835	81,846,942
Stores, spares and loose tools consumed		12,584,447	10,019,628
Power and fuel charges		21,388,549	19,070,349
Repair and maintenance		22,338,061	13,701,838
Provision for slow moving items		-	-
Other expenses		3,980,698	2,764,689
Depreciation & Amortization		2,936,059	2,740,961
		963,354,299	710,515,447
Opening work-in-process		19,627,719	11,394,730
Closing work-in-process		(35,374,185)	(24,087,619)
Cost of goods manufactured		947,607,833	697,822,558
Opening finished goods		196,297,434	209,012,427
Closing finished goods		(412,965,664)	(407,517,765)
		730,939,603	499,317,219
10 TAXATION			
Current			
For the period		12,450,820	8,579,417
Prior period		(513,509)	(199,520)
Deferred			
For the period		93,953	(7,553,279)
		12,031,264	826,618
		27,526,491	(14,493,637)
		3,273,127	



SAZGAR ENGINEERING WORKS LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SECOND QUARTER AND HALF YEAR ENDED DECEMBER 31, 2020

		Un-audited Oct - Dec 2020 Rupees	Un-audited Oct - Dec 2019 Rupees	Un-audited July - Dec 2020 Rupees	Un-audited July - Dec 2019 Rupees
11 EARNINGS PER SHARE - BASIC AND DILUTED					
Basic Earnings Per Share					
Profit after taxation for the period	Rupees	15,719,555	5,103,556 Restated	37,566,525	13,318,384 Restated
Weighted average number of ordinary shares outstanding during the period - Note 4.2	Number	46,496,895	39,663,393	46,496,895	39,663,393
Basic earnings per share	Rupees	0.34	0.13	0.81	0.34

11.1 Diluted earnings per share

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

12 TRANSACTIONS WITH RELATED PARTIES

Non-Executive Director (s)			
Meeting fee		435,000	465,000
Key Management Personnel			
Remuneration, Allowances and benefits		30,217,840	25,849,800
Other Related Party			
Rent Expenses		-	132,500
Remuneration, Allowances and benefits		2,475,000	750,000
PERIOD END BALANCES			
Payable to Other Related Party - Rent Payable		-	132,500

13 SEGMENT RESULTS

Segment Revenue - Net				
Home appliances	3,398,675	728,444	3,552,521	3,687,232
Auto parts	152,966,162	101,713,387	323,340,911	245,515,537
Auto rickshaw	653,579,519	463,313,782	1,429,096,299	928,797,697
Automobiles - Four Wheeler	-	-	22,277,777	-
Total	809,944,356	565,755,613	1,778,267,508	1,178,000,466
Segment operating results				
Home appliances	547,689	42,408	562,707	423,952
Auto parts	1,127,489	151,992	5,290,162	2,922,048
Auto rickshaw	40,758,292	31,734,315	83,664,393	62,825,345
Automobiles - Four Wheeler	(15,348,146)	(11,541,899)	(27,410,109)	(20,935,527)
Total	27,085,325	20,386,816	62,107,154	45,235,818

14 DATE OF AUTHORIZATION FOR ISSUE

The Board of Directors of the Company has authorized these condensed interim financial statements for issue on February 23, 2021.

15 GENERAL

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


MIAN ASAD HAMEED
CHIEF EXECUTIVE


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