



Quarterly
Financial Statements
(Un-Audited)

March 31,
2021



Sazgar Engineering Works Limited

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ



SAZGAR ENGINEERING WORKS LIMITED

Contents

Vision, Mission and Corporate Strategy	1
Company Information	2
Directors' Review	3
Condensed Interim Statement of Financial Position	6
Condensed Interim Statement of Profit or Loss	7
Condensed Interim Statement of Comprehensive Income	8
Condensed Interim Statement of Changes in Equity	9
Condensed Interim Statement of Cash Flows	10
Notes to the Condensed Interim Financial Statements	11



SAZGAR ENGINEERING WORKS LIMITED

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



ڈائریکٹرز کا جائزہ

آپ کی کمپنی کے ڈائریکٹرز 31 مارچ 2021 کو مکمل ہونے والی تیسری سرمایہ اور نوامی کے لئے غیر پڑتال شدہ اختصاری عبوری مالیاتی گوشوارے ہمراہ کمپنی کے معاملات پر اپنا جائزہ بخوشی پیش کرتے ہیں۔

مختصر جائزہ:

کرد و ادائیں کی تیسری اہم تیزی سے پھیل رہی ہے جس سے پورے ملک میں بلاکتوں کی تعداد میں مسلسل اضافہ اور کام کرنے کا ماحول متاثر ہو رہا ہے۔ کمپنی اپنی افرادی قوت کو محفوظ ماحول فراہم کرنے کے لئے ہر ممکن اقدامات اٹھا رہی ہے۔ موجودہ مشکل صورت حال میں، آئوٹسکٹز عمدہ کارکردگی کا مظاہرہ کر رہے ہیں اور اس نے رواں مالی سال کے نو ماہ کے دوران اپنی بڑھتی ہوئی رفتار کو برقرار رکھا ہے۔
الحمد للہ، اس عرصہ کے دوران کمپنی کے قہری ویلز اور ڈائریکٹروں کی فروخت کے حجم نے بھی بااثر تیب 24 فی صد اور 45 فی صد بڑھوتری کو ظاہر کیا ہے۔

مالیاتی نتائج:

پچھلے مالیاتی سال کی تیسری سرمایہ کے مقابلہ میں اس سال کی تیسری سرمایہ میں مجموعی فروخت 19.27 فی صد اضافہ کے ساتھ 1,033.80 ملین روپے سے بڑھ کر 1,233.05 ملین روپے ہو گئی ہے، مجموعی منافع 0.65 فی صد اضافہ کے ساتھ 118.93 ملین روپے سے بڑھ کر 119.70 ملین روپے اور قبل از ٹیکس منافع 14.82 فی صد اضافہ کے ساتھ 36.83 ملین روپے سے بڑھ کر 42.29 ملین روپے ہو گیا ہے۔

جبکہ پچھلے مالیاتی سال کی نوامی کے مقابلہ میں اس سال کی نوامی میں مجموعی فروخت 36.15 فی صد اضافہ کے ساتھ 2.21 ملین روپے سے بڑھ کر 3.01 ملین روپے ہو گئی ہے، مجموعی منافع 14.18 فی صد اضافہ کے ساتھ 255.08 ملین روپے سے بڑھ کر 291.24 ملین روپے اور قبل از ٹیکس منافع 87.54 فی صد اضافہ کے ساتھ 53.42 ملین روپے سے بڑھ کر 100.19 ملین روپے ہو گیا ہے۔

پچھلے مالیاتی سال کی نوامی کے مقابلہ میں اس سال کی نوامی کی مجموعی فی حصص آمدن (re-stated) 1.02 روپے سے بڑھ کر 1.44 روپے ہو گئی ہے اور تیسری سرمایہ کی فی حصص آمدن (re-stated) 0.69 روپے سے کم ہو کر 0.63 روپے ہو گئی ہے۔

کمپنی نے تیسری سرمایہ اور مجموعی طور پر نوامی کے دوران بااثر تیب 4,093 عدد اور 12,254 عدد قہری ویلز بنائے جبکہ پچھلے سال اسی عرصہ کے دوران قہری ویلز کی پیداوار بااثر تیب 4,419 عدد اور 10,463 عدد تھی۔

اس سال کی تیسری سرمایہ اور مجموعی طور پر نوامی میں ویلز کی پیداوار بااثر تیب 28,164 اور 74,203 تھی جبکہ پچھلے سال اسی عرصہ کے دوران ویلز کی پیداوار بااثر تیب 51,228 اور 113,930 تھی۔

فوریلر پروجیکٹ پر ترقیاتی کام:

پروجیکٹ مکمل ہو چکا ہے اور پہلی سی کے ڈی (CKD) کمپنی فیکٹری میں پہنچ گئی ہے۔ آزمائشی آپریشن شروع کرنے کے انتظامات کئے جا رہے ہیں۔



SAZGAR ENGINEERING WORKS LIMITED

مستقبل پر نقطہ نظر:

امید ہے کہ اگلی سرمایہ میں بھی آؤٹسکٹر میں اضافہ جاری رہے گا اور حکومت پاکستانی عوام کو بغیر کسی عمر کی حد بندی کے ویکسین لگا کر وبا کی مرض COVID-19 کو کنٹرول کرنے کے لئے اقدامات کرے گی۔ اس سے ملک میں افرادی قوت اور کاروباری برادری کو کام کرنے کا محفوظ ماحول فراہم کرنے میں مدد ملے گی۔ یہ بھی امید کی جاتی ہے کہ کئی اگلی سرمایہ کے دوران فروغ دہیز کا کمرشل آپریشن شروع کرنے کے قابل ہو جائے گی۔

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

بورڈ آف ڈائریکٹرز کی جانب سے

سعید اقبال خان
ڈائریکٹر

میاں اسد حمید
چیف ایگزیکٹو

لاہور

مورخہ 27 اپریل 2021



SAZGAR ENGINEERING WORKS LIMITED

DIRECTORS' REVIEW

The directors of your Company are pleased to present the un-audited condensed interim financial statements for the 3rd quarter and nine months ended March 31, 2021 along with their review on the affairs of the Company.

Brief Overview:

The third wave of corona virus is spreading at a fast pace with constant rise in death toll and disturbing the working environment throughout the country. The Company is taking all possible measures to provide its workforce safe environment. Under the prevailing tough situation, the Auto Sector is performing well and has maintained its growing momentum during the nine months of current financial year. Al-Hamdolillah, the Company's sales volume of three wheelers and tractor wheel rims have also shown a growth of 24% and 45% respectively during this period.

Financial Results:

The net sales of 3rd quarter has increased by 19.27% from Rs. 1,033.80 M to Rs. 1,233.05 M, gross profit by 00.65% from Rs. 118.93 M to Rs. 119.70 M and pre-tax profit by 14.82% from Rs. 36.83 M to Rs. 42.29 M compared with the corresponding period of last year.

Whereas the nine months' net sales has increased by 36.15% from Rs. 2.21 Billion to Rs. 3.01 Billion, gross profit by 14.18% from Rs. 255.08 M to Rs. 291.24 M and pre-tax profit by 87.54% from Rs. 53.42 M to Rs. 100.19 M compared with the corresponding period of last year.

The earnings per share for the cumulatively nine months have increased from Rs. 1.02 (Restated) to Rs. 1.44 and for the 3rd quarter has decreased from Rs. 0.69 (Restated) to Rs. 0.63 respectively compared with the corresponding period of last year.

During the 3rd quarter and cumulatively nine months, the Company produced 4,093 & 12,254 units of Three Wheelers whereas during the corresponding periods of last year, the production was 4,419 and 10,463 units respectively.

The production of wheel rims was 28,164 & 74,203 in 3rd quarter and cumulatively nine months whereas the production of wheel rims during the same corresponding periods was 13,930 & 51,228 respectively.

Progress on Four Wheeler Project:

The Project is completed and the first CKD consignment has arrived in factory. Arrangements are being made to commence the trial operation.

Future Outlook:

It is hoped that the growth of auto sector will continue in the next quarter and Government will take measures to control the COVID-19 pandemic by vaccinating the people of Pakistan without any age limitation. This will help to provide a safe working environment to workforce and business community in the country.

It is also hoped that the Company would be able to commence commercial operation of four wheelers during the next quarter.

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: 27-04-2021


Mian Asad Hameed
(Chief Executive)


Saeed Iqbal Khan
(Director)



SAZGAR ENGINEERING WORKS LIMITED

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

	Note	Un-audited March 31, 2021 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		813,591,488	853,884,500
		1,835,966,630	1,768,959,112
LIABILITIES			
NON CURRENT LIABILITIES			
Long term financing		321,187,833	249,407,861
Lease Liabilities		780,000	7,800,000
Deferred liabilities		227,930,696	202,107,551
Deferred Grant		7,822,399	5,170,602
CURRENT LIABILITIES			
Trade and other payables		686,125,373	413,569,969
Unclaimed dividend		1,408,173	1,443,792
Profit accrued on loans and other payables		8,695,459	40,073,361
Short term borrowings		-	-
Current portion of long term liabilities		126,402,051	131,637,943
		822,631,056	586,725,065
CONTINGENCIES AND COMMITMENTS			
	5	-	-
TOTAL EQUITY AND LIABILITIES		3,216,318,614	2,820,170,190
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	6	1,648,628,723	1,318,332,806
Intangible assets	7	57,066	76,944
Long term loan and advances		34,199,204	27,490,153
Long term deposits		3,612,855	3,512,855
Deferred taxation		34,438,658	21,670,008
CURRENT ASSETS			
Stores, spares and loose tools		13,008,018	5,281,932
Stock-in-trade		875,942,710	660,110,327
Trade debts		141,715,708	122,597,252
Loans & advances		24,419,803	16,101,921
Trade deposits and short term prepayments		159,630,049	66,248,138
Other receivables		135,858,333	129,928,799
Cash and bank balances		144,807,487	448,819,055
		1,495,382,108	1,449,087,424
TOTAL ASSETS		3,216,318,614	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 THIRD QUARTER AND NINE MONTHS ENDED MARCH 31, 2021

	Note	Third Quarter Ended		Nine Months Ended	
		Jan - Mar 2021	Jan - Mar 2020	Jul - Mar 2021	Jul - Mar 2020
		Rupees	Rupees	Rupees	Rupees
Sales - Net	8	1,233,045,053	1,033,795,794	3,011,312,561	2,211,796,260
Cost of sales	9	1,113,347,901	914,868,826	2,720,070,129	1,956,719,195
Gross Profit		119,697,152	118,926,968	291,242,432	255,077,065
Distribution cost		39,426,893	35,622,125	88,545,298	74,939,524
Administrative expenses		29,376,630	29,160,074	88,683,351	80,585,454
Other operating expenses		2,971,706	2,938,014	7,289,274	5,338,999
		71,775,229	67,720,213	184,517,923	160,863,977
		47,921,923	51,206,755	106,724,509	94,213,088
Other income		2,041,683	3,528,366	14,842,720	9,158,687
Operating profit before finance cost		49,963,606	54,735,121	121,567,229	103,371,775
Finance cost		7,673,372	17,904,647	21,381,115	49,949,790
Profit before taxation		42,290,234	36,830,474	100,186,114	53,421,985
Taxation	10	12,849,241	9,580,681	33,178,596	12,853,808
Profit after taxation		29,440,993	27,249,793	67,007,518	40,568,177
			Restated		Restated
Earnings per share - Basic and diluted	11	0.63	0.69	1.44	1.02

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 THIRD QUARTER AND NINE MONTHS ENDED MARCH 31, 2021

	Third Quarter Ended		Nine Months Ended	
	Jan - Mar 2021	Jan - Mar 2020	Jul - Mar 2021	Jul - Mar 2020
	Rupees	Rupees	Rupees	Rupees
PROFIT AFTER TAXATION FOR THE PERIOD	29,440,993	27,249,793	67,007,518	40,568,177
OTHER COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	29,440,993	27,249,793	67,007,518	40,568,177

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

MIAN ASAD HAMEED
CHIEF EXECUTIVE

SAEED IQBAL KHAN
DIRECTOR

MUHAMMAD ATIF RAO
CHIEF FINANCIAL OFFICER



SAZGAR ENGINEERING WORKS LIMITED

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2021

	Share Capital Rupees	Share Deposit Money Rupees	Un-appropriated Profit Rupees	Total Rupees
Balance as at June 30, 2019 - Audited	215,668,420	-	829,038,827	1,044,707,247
Share deposit money received during the period	-	472,640,900	-	472,640,900
Comprehensive Income for the period				
Profit after taxation	-	-	40,568,177	40,568,177
Comprehensive Income / (Loss)	-	-	-	-
Total comprehensive income for the period ended March 31, 2020	-	-	40,568,177	40,568,177
Balance as at March 31, 2020 - Un-audited	215,668,420	472,640,900	869,607,004	1,557,916,324
	Share Capital Rupees	Share Premium Account Rupees	Un-appropriated Profit Rupees	Total Rupees
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	-	-	67,007,518	67,007,518
Comprehensive Income / (Loss)	-	-	-	-
Total comprehensive income for the period ended March 31, 2021	-	-	67,007,518	67,007,518
Balance as at March 31, 2021 - Un-audited	464,968,950	557,406,192	813,591,488	1,835,966,630

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


MIAN ASAD HAMEED
CHIEF EXECUTIVE


SAEED IQBAL KHAN
DIRECTOR


MUHAMMAD ATIF RAO
CHIEF FINANCIAL OFFICER



SAZGAR ENGINEERING WORKS LIMITED

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2021

	Nine Months Ended	
	Jul - Mar 2021	Jul - Mar 2020
	Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	100,186,114	53,421,985
Adjustment for non cash charges and other items:		
Depreciation	16,109,248	14,388,869
Amortization	19,878	24,162
Provision for staff retirement gratuity	29,109,594	30,244,734
Finance cost	21,381,115	49,949,790
Other income	(14,842,720)	(9,158,687)
	51,777,115	85,448,868
	151,963,229	138,870,853
Working capital changes		
(Increase)/Decrease in current assets		
Store, spares and loose tools	(7,726,086)	(1,075,635)
Stock-in-trade	(215,832,383)	(210,728,912)
Trade debts	(19,118,456)	9,855,526
Loans & Advances	(8,317,882)	(2,564,257)
Trade Deposits and short term prepayments	(93,381,911)	686,517
Other receivables	2,050,373	(701,109)
(Decrease) / Increase in current liabilities		
Trade and other payables	257,253,268	150,477,571
Increase in Long term loans and advances	(6,709,051)	(3,939,940)
	(91,782,128)	(57,990,239)
Cash generated from operations	60,181,101	80,880,614
Finance cost paid	(52,759,017)	(27,564,981)
Income tax paid/deducted at source	(34,589,991)	(48,878,483)
Employees retirement benefit - gratuity paid	(3,286,449)	(2,336,216)
Workers' Profit Participation Fund Paid	(2,233,024)	(6,080,459)
Net cash used in operating activities	(32,687,380)	(3,979,525)
CASH FLOW FROM INVESTING ACTIVITIES		
Property, plant and equipment purchased	(347,786,234)	(157,944,723)
Increase in long term deposits	(100,000)	(193,000)
Proceeds from sale of property, plant and equipment	2,300,000	4,480,000
Net cash used in investing activities	(345,586,234)	(153,657,723)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from long term financing	149,473,201	51,867,439
Repayment of long term financing	(24,637,322)	-
Proceeds from short term borrowings	515,718,756	2,101,256,224
Repayment of short term borrowings	(515,718,756)	(1,904,635,899)
Repayment of lease liability	(62,660,000)	-
Share deposit money	-	472,640,900
Profit on bank deposits	12,121,787	4,082,560
Dividend paid	(35,620)	(52,441)
Net cash generated from financing activities	74,262,046	725,158,783
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	(304,011,568)	567,521,535
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	144,807,487	573,488,896

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


MIAN ASAD HAMEED
CHIEF EXECUTIVE


SAEED IQBAL KHAN
DIRECTOR


MUHAMMAD ATIF RAO
CHIEF FINANCIAL OFFICER



SAZGAR ENGINEERING WORKS LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2021

1 LEGAL STATUS AND OPERATIONS

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

2 BASIS OF PREPARATION

2.1 These condensed interim financial statements (un-audited) of the Company for the nine months ended March 31, 2021 have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of; International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; 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 NINE MONTHS ENDED MARCH 31, 2021

4 SHARE CAPITAL

4.1 AUTHORIZED SHARE CAPITAL

Un-audited March 31, 2021 Number	Audited June 30, 2020 Number	NOTE	Un-audited March 31, 2021 Rupees	Audited June 30, 2020 Rupees
100,000,000	50,000,000	Ordinary shares of Rupees 10 each	1,000,000,000	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
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 of the remaining amount. 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 appeal 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. 258.55 Million (June 30, 2020: Rs. 102.73 Million).

- 5.2.2 Commitments in respect of capital expenditures amount to Rs. 87.54 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	9,979,515	69,030,272
Later than one year but not later than five years	787,572	8,229,064
Later than five years	-	-

6 PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets - Tangible	6.1	344,404,990	335,796,920
Capital work in progress	6.2	1,304,223,733	982,535,886
		1,648,628,723	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		1,365,000	4,183,340
- Furniture and Fittings		-	620,804
- Office equipments		580,000	618,722
- Electric installations		167,487	916,300
- Vehicles		23,985,900	3,183,000
		26,098,387	9,522,166



SAZGAR ENGINEERING WORKS LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2021

		Un-audited March 31, 2021 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		16,109,248	19,228,150
		17,490,317	22,313,600
Closing book value		344,404,990	335,796,920
6.2 CAPITAL WORK IN PROGRESS			
Opening Balance		982,535,886	649,491,034
Additions during the period			
- Plant and machinery		305,539,738	288,506,873
- Building and Civil Works on freehold land		16,148,109	44,537,979
		321,687,847	333,044,852
Closing Balance		1,304,223,733	982,535,886
7 INTANGIBLE ASSETS			
Opening book value		76,944	108,560
Less: amortization charged during the period		19,878	31,616
Closing book value		57,066	76,944
8 SALES - NET			
Gross sales	8.1	1,607,269,191	1,307,177,150
Less: Sales tax		212,865,612	179,051,653
Sales returns		128,677,900	71,546,150
Commission		32,680,626	22,783,553
		374,224,138	273,381,356
		1,233,045,053	1,033,795,794
		3,011,312,561	2,211,796,260
8.1 This includes Rs. 64.95 million (March 31, 2020: Rs. 28.88 million) on account of export sales for the period.			
9 COST OF SALES			
Raw materials and components consumed		836,125,784	721,761,407
Salaries, wages and other benefits		96,998,881	89,845,744
Stores, spares and loose tools consumed		11,688,361	10,355,813
Power and fuel charges		23,661,887	21,193,539
Repair and maintenance		14,934,729	13,624,841
Provision for slow moving items		-	-
Other expenses		4,329,035	4,674,014
Depreciation & Amortization		2,938,907	2,760,953
		990,677,584	864,216,311
Opening work-in-process		35,374,185	24,087,619
Closing work-in-process		(31,839,197)	(19,095,500)
Cost of goods manufactured		994,212,572	869,208,430
Opening finished goods		412,965,664	407,517,765
Cost of finished goods purchased		4,149,538	23,558,451
Closing finished goods		(297,979,873)	(385,415,820)
		1,113,347,901	914,868,826
		2,720,070,129	1,956,719,195
10 TAXATION			
Current			
For the period		18,934,264	15,903,822
Prior period		-	-
Deferred			
For the period		(6,085,023)	(6,323,141)
		12,849,241	9,580,681
		33,178,596	12,853,808



SAZGAR ENGINEERING WORKS LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2021

		Un-audited Jan - Mar 2021 Rupees	Un-audited Jan - Mar 2020 Rupees	Un-audited July - Mar 2021 Rupees	Un-audited July - Mar 2020 Rupees
11 EARNINGS PER SHARE - BASIC AND DILUTED					
Basic Earnings Per Share					
Profit after taxation for the period	Rupees	29,440,993	27,249,793	67,007,518	40,568,177
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	0.63	0.69	1.44	1.02

11.1 Diluted earnings per share

A diluted earnings per share has not been presented as the Company does not have any convertible instruments in issue as at March 31, 2021 and March 31, 2020, which would have any effect on earning per share if the option to convert is exercised.

12 TRANSACTIONS WITH RELATED PARTIES

Non-Executive Director (s)

Meeting fee		660,000	840,000
Others		100,000	-

Key Management Personnel

Remuneration, Allowances and benefits		45,759,008	38,842,442
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Other Related Party

Rent Expenses		-	207,500
Remuneration, Allowances and benefits		3,750,000	1,500,000

PERIOD END BALANCES

Payable to Other Related Party - Rent Payable		-	207,500
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13 SEGMENT RESULTS

Segment Revenue - Net

Home appliances	439,748	572,652	3,992,269	4,259,884
Auto parts	211,415,155	106,654,459	534,756,066	352,169,996
Auto rickshaw	1,021,190,150	926,568,683	2,450,286,449	1,855,366,380
Automobiles - Four Wheeler	-	-	22,277,777	-
Total	1,233,045,053	1,033,795,794	3,011,312,561	2,211,796,260

Segment operating results

Home appliances	94,323	45,580	657,031	469,532
Auto parts	5,678,710	571,995	10,968,873	3,494,043
Auto rickshaw	64,642,757	73,845,690	148,307,150	136,671,035
Automobiles - Four Wheeler	(19,522,161)	(20,318,496)	(46,932,270)	(41,254,023)
Total	50,893,630	54,144,769	113,000,783	99,380,587

14 DATE OF AUTHORIZATION FOR ISSUE

The Board of Directors of the Company has authorized these condensed interim financial statements for issue on April 27, 2021.

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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